Austria ... Sch 15	Indonesia .. Rp 1800	Philippines . Pes 20
Bahrain .. Din 0.650	Italy ...... L 1700	Portugal ... Esc 65
Belgium ... BFr 36	Japan Y550	S Arabia .. Rls 6.00
Canada ... C$2.50	Jordan ... Fils 500	Singapore . S$ 4.10
Denmark .. Dkr 7.00	Kuwait ... Fils 500	Spain ...... Pta 95
Egypt .... E£1.00	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Finland .. Fmk 6.00	Luxembourg . LFr.35	Switzerland . SwFr 2
France .. FFr. 5.00	Malaysia .. Rm 4.25	Tunisia .. Din 0.800
Germany . DM 2.00	Morocco .. Dh 6.00	Turkey .... L 130
Greece .... Dr 69	Netherlands . Fl 2.75	U.A.E. ... Dh 6.50
India .... Rup. 15	Norway .. Nkr. 6.00	U.S.A. $1.50

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,009 Friday February 25 1983 D 8523 B

Question marks over Schmidt new deal, Page 3

NEWS SUMMARY

GENERAL

Thorn in call for talks with Shultz

European Commission President Gaston Thorn has urged U.S. Secretary of State George Shultz to set up a top-level meeting next month, underlining the Commission's search for a diplomatic settlement to the EEC's trade row with the U.S.

West German Foreign Minister Hans Dietrich Genscher has also written to Mr Shultz concerning the subsidised sale of 1m tonnes of U.S. wheat flour to Egypt, traditionally a French market.

The U.S. State Department said neither letter had been received. The Agriculture Department is reported to have more subsidised deals under consideration. Page 14

Politician jailed

Necmettin Erbakan, twice Turkish Deputy Premier in the 1970s, was jailed for four years for trying to establish an Islamic state.

Smith must stay

Former Rhodesian Premier Ian Smith was refused a Zimbabwe passport to travel to South Africa for medical treatment, allegedly because he claimed not to recognise Zimbabwe.

Homeless hijackers

Malta is still trying to find a country to accept the two Libyans who hijacked a Libyan plane and held its passengers and crew hostage for three days.

Italy spy charge

Rome police arrested Victor Koniaev, a senior man in a joint Soviet-Italian company - the second Soviet citizen in 10 days held on spying charges.

Fatal pilgrimage

Thirteen Moslems died, and eight more are missing, after trying to sail in 2m x 1m tin boxes from Karachi to Iraq, believing the prophet Mohammad had told them this would help Iran defeat Iraq.

Rome trial starts

Trials began in Rome of 71 alleged terrorists said to have provided the intellectual foundation of left-wing Italian terrorism.

Tolstoy move

The Soviet Union banned the making of toxic products which were destroying the land once owned by writer Leo Tolstoy around a present-day chemicals factory.

Kabul in darkness

Afghan guerrillas disrupted power supplies to Kabul, plunging the capital into darkness for several days this month, said the Soviet newspaper Izvestia.

Spanish army cuts

Spain's army will lose a quarter of its officers and over a third of its men in the next five years under new Government plans.

Specialist Moore

Financial Times City Correspondent John Moore was named Specialist Writer of the Year in the British Press Awards for his coverage of Lloyd's scandals.

Briefly . . .

Assam fighting claimed 50 more lives.

Tanzanian President Nyerere reshuffled his Cabinet, reinstating former Premier Edward Sokoine.

China called for a national rat-killing drive to fight crop losses.

Bomb was defused at the Indian embassy in Brussels.

BUSINESS

Wall St. through 1,100 at close

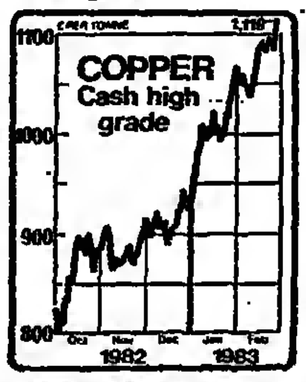
● WALL STREET shares turned in a very strong performance yesterday, the Dow Jones Industrial Average closing above 1,100 for the first time in history.

The average broke through 1,100 about 20 minutes after the start of trading and continued to gain, closing 24.87 higher at 1,121.81. The previous record close was 1,097.10 on February 14. Reports, Section III; Loan rates are still too high says Volcker, Page 14

● DOLLAR drifted to DM 2.4075 (DM 2.419), Y234 (Y234.9), FFr 6.83 (FFr 6.86) and SwFr 2.0235 (SwFr 2.0340). Its Bank of England weighting was 0.4 lower at 119.4. Page 38

● STERLING rose 45 points to $1.5275 but slipped to DM 3.68 (DM 3.6875), FFr 10.43 (FFr 10.445) and SwFr 3.0925 (SwFr 3.1). It was steady at Y358. Its trade weighting was 80.2 (80.1). Page 38

In New York the pound closed at $1.5270. Page 38



● COPPER rallied sharply in London, the high grade cash price rising £33.5 to £1,119 a tonne, a 35-month peak. Page 35

● GOLD added $2 in London to $474.5. In Zurich it rose $3 to $474.5 and in Frankfurt $5 to $475.25. In New York, the Comex March settlement was $469.9 ($468.2). Page 35

● LONDON: FT Industrial Ordinary index was steady at 637.2. Government securities were firmer. Page 31. FT Share Information Service, Pages 36, 37

● HONG KONG: Hang Seng index was up 38.14 at 1,030.55, the first time it went over 1,000 since September. Pages 31, 34

● FRANKFURT: Commerzbank index rose 12.8 to a four-year high of 804.1. Pages 31, 34

● TOKYO: Nikkei Dow index closed 52.6 higher at 7,984.25. The Stock Exchange index added 3.08 at 582.92. Pages 31, 34

● AUSTRALIA: All Ordinaries index moved up 0.3 to 495.7. Pages 31, 34

● BRITAIN'S deficit on trade in goods other than oil reached £1bn ($1.53bn) last month, easily the worst on record, according to official figures out yesterday. Page 14

● EEC unemployment rose by 0.5m to 12.4m, of 11.1 per cent of the workforce, last month. Ireland's 15.3 per cent is the highest rate; Luxembourg's 1.6 per cent the lowest.

● SWEDEN'S Government is to end the price freeze it imposed in October, when it devalued the currency, on March 1.

● MANVILLE, the world's biggest manufacturer of asbestos products, reported a net loss of $96.8m for the fourth quarter, compared with a profit of $19.4m. For the year, net profits of $60.3m turned into a loss of $97.6m.

● UNION BANK of Switzerland saw net profits rise 14.6 per cent for the year to a record SwFr 437.5m ($214.5m). Page 15

● PLESSEY, British telecommunications and electronics group, lifted taxable profits 29.5 per cent to £102m ($155.3m) in nine months. Page 18; Lex, Page 14

Mexico reaches $5bn target for rescue package

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

MEXICO is finally sure of being able to raise a $5bn loan from the international banking community this year as part of the economic rescue package it has arranged with the International Monetary Fund (IMF).

After weeks of struggle, firm commitments to the loan finally reached the $5bn target in New York yesterday. Commitments still in the pipeline could mean that the total amount is slightly in excess of $5bn when it is finally signed next week.

The loan is a key part of Mexico's efforts to restructure its $80bn foreign debt. It has been assembled from 530 banks believed to cover the entire spectrum of Mexico's bank creditors. This is the largest number of banks ever to participate in a single Euromarket operation.

Mr William Rhodes, senior Vice-President of Citibank and Chairman of the 12-bank advisory committee that has led the negotiations, said yesterday that no effort was spared in trawling the international banking community for eligible participants, even if their loan exposure to Mexico was very small.

Even one small bank whose commitment to the loan is only $1,210 was drawn into the net.

The operation is "another example of how the international financial community is reacting positively to current international debt service problems," Mr Rhodes said.

Mexico will be able to draw a first $1.7bn tranche of the loan in mid-March. Meanwhile, it will today receive a $430m bridging loan from leading creditor banks to tide it over until then. Signing of a rescheduling agreement covering $19.7bn of debt falling due to banks this year and next, will follow when legal documentation is complete.

Falling oil prices have prompted speculation that Mexico might be forced to seek additional funds from the banks later this year. But in New York last night Sr Angel Gurria, the country's Director of Public Finance, said there was a good chance of Mexico being able to manage without this if interest rates fall and the world economy recovers.

Sr Gurria said that the 150-page loan contract contains a firm commitment by Mexico to help sort out the $14bn debt of the country's ailing private sector. It binds Mexico to implement by May a system whereby dollars will be made available at subsidised rates for principal repayments by those companies which agree to reschedule their debt.

Sr Gurria stressed that private sector companies are now paying interest on their debt in foreign currency. Mexico has also paid some $80m in private sector debt arrears accumulated between August last year and this month.

> **BRAZILIAN LOAN**
>
> Brazil is due to sign in New York today agreements with its commercial bank creditors on a jumbo loan of $4.4bn and the roll-over for eight years of $4bn in debt principal falling due for repayment this year. The signing will pave the way for the International Monetary Fund to release a further $5.4bn in loans to Brazil. Venezuelan default call, Page 14

Peugeot drops new car venture with Chrysler

BY RICHARD LAMBERT IN NEW YORK

PEUGEOT HAS abandoned its plan to work with Chrysler to produce a new sub-compact car to be launched in the U.S. during the 1986 model year. Chrysler now intends to press ahead with the vehicle, a replacement for the Omni/Horizon model, on its own.

In addition, Chrysler has renegotiated its $100m loan from the French motor manufacturer, and as a result its 15 per cent shareholding in Peugeot will no longer be tied down as collateral for the loan. This means that Chrysler would become free to sell the shares if it wanted, though it said yesterday that it had "no plans whatsoever" to dispose of its shareholding.

News of the changing relationship with Peugeot came as Chrysler announced its profit figures for 1982. After three years of substantial losses, the group reported a net profit of $170.1m for the year. Mr Lee Iacocca, the chairman, described it as "a pivotal year in Chrysler's resurgence."

The net profit included a gain of $239m on the sale of the group's defence business. The figures would have been considerably better but for a strike in Canada, which reduced operating profits by around $125m in the final quarter, and a sharp downturn in Chrysler's Mexican business. This lost $55m in the year, compared with a profit of $58m in 1981.

Mr Iacocca said: "We look for the company to perform well in what many analysts predict will be a steadily improving market in 1983. We are already heartened by several positive signs pointing to a recovery in auto sales this year."

The original plan for the joint development with Peugeot, drawn up in 1980, was that the French company would take Chrysler's basic vehicle and modify the design work so that it could be sold under a Peugeot badge through its own dealers in the U.S.

Chrysler said yesterday that its commercial and industrial relations with Peugeot would be unchanged by the new plan, and that it will continue to purchase petrol and diesel engines from the French manufacturer, as well as constant velocity joints. Peugeot said yesterday that the project was being abandoned because of the decline in demand for small cars in the U.S. market and because of the dominance of Japanese models.

Under the new loan arrangement, Chrysler now has a non-recourse term loan from Peugeot, as opposed to a demand loan. This will be repaid in annual tranches during the next three years, and the Peugeot shares held as collateral will be released on a pro rata basis as the payments are made.

Partly as a result of this change, Chrysler has been given a clean audit report by its accountants, Touche Ross, for the first time since 1978.

Despite the profits recovery in 1982, the group fell short of the projections made a year ago to the Chrysler Corporation Loan Guarantee Board, which oversees federal guarantees for up to $1.5bn of Chrysler's debt.

Renault takes control of Karrier, Page 14

Sedgwick Group in bid talks with Alexander & Alexander

BY JOHN MOORE, CITY CORRESPONDENT IN LONDON

SEDGWICK GROUP, Britain's largest independent insurance broker, is understood to have had informal exploratory talks about a possible takeover of Alexander & Alexander Services, the world's second largest insurance broker which is based in the U.S.

Any takeover eventually mounted would represent one of the largest and most complex acquisitions of one insurance broker by another and could lead to further upheaval in the transatlantic insurance broking community.

Sedgwick Group said yesterday "we do not comment on rumours." Mr John Bogardus, chairman of Alexander & Alexander, said in London yesterday, "Groups are talking to us about potential mergers and acquisitions all the time. I cannot rule out the possibility of any merger." He added: "Because of the amount of business Alexander & Alexander do with Sedgwick I guess that, outside of our London subsidiary Alexander Howden, I spend more time with Sedgwick than anyone else."

Sedgwick Group and Alexander & Alexander have been attempting to merge their activities since late 1980, after having first started discussions in 1978 about the possibility of a pooling of their insurance activities.

The merger discussions foundered in the summer of 1981 over fundamental problems arising from the differences in the UK and U.S. tax systems on the treatment of dividends. This would not have presented a problem if either group had mounted a conventional takeover for the other.

After the talks failed Alexander & Alexander mounted a £153m takeover for Alexander Howden Group, which became part of Alexander & Alexander last year. On acquiring Howden, Alexander & Alexander carried out an audit which uncovered alleged irregularities. The U.S. group eventually alleged that up to $55m had been misappropriated by former Howden group executives.

Last month, partly because of the troubles at Alexander Howden - the subject of a Department of Trade investigation and a City of London Police Fraud Squad inquiry - Alexander & Alexander cut its dividend for the first quarter from 48.5 cents to 25 cents. Full-year result for Alexander & Alexander's 1982 financial year are expected to be declared in the first week of March.

Gulf Oil drops North Sea deals

By Roger Matthews and Carla Rapoport in London

GULF OIL, the U.S. oil major and one of the largest customers of North Sea crude oil, has stopped buying oil from the North Sea.

The company, which turned away two cargoes of oil last month, has failed to contract any purchases in March. The company had lifted about 100,000 barrels a day (b/d) which filled four or five cargoes of oil a month.

Neither Gulf nor British National Oil Corporation (BNOC), the lead trader of North Sea crude, would officially comment on Gulf's liftings yesterday. However, industry sources confirm that Gulf no longer has any contract to buy North Sea oil and future liftings remain uncertain. Gulf purchases about 10 per cent of the crude oil which BNOC is now trading.

Major BNOC customers have yet to accept the reduced price of $30.50 for North Sea oil, but it appears that customers, other than Gulf, are now working on a month-by-month agreement with BNOC until the worldwide price confusion is resolved.

At the same time, key Opec members were yesterday privately expressing increased optimism that agreement can be reached next week on lower oil prices.

Their hope stems from the growing number of members said to be swinging behind the proposals hammered out in Saudi Arabia by the Gulf states this week and by the willingness of non-Opec countries to join in the consultations.

It is understood that Saudi Arabia will initially propose a $4 reduction in the Opec reference price to $34, but is willing to consider a larger cut if necessary. The reduction would have to be accompanied by firm commitments on quotas and price differentials.

Oil Ministers from Kuwait, Venezuela and Algeria were expected to hold talks with Sr Francisco Labastida, Mexican Oil Minister, in Paris last night. Representatives from Mexico, which is not an Opec member, had earlier met British Government officials in London.

In Riyadh, Saudi officials were said to believe that Libya, whose production has been hit by the Nigerian price cut, showed greater willingness to abide strictly by any new Opec agreements.

International markets, Section III

Rumasa move 'to avoid run on deposits'

BY DAVID WHITE IN MADRID

SR MIGUEL BOYER, the Spanish Economy and Finance Minister, said yesterday that the state's expropriation of over 200 companies and 18 banks of the Rumasa group, announced on Wednesday night, was an "ad hoc measure" and not a "new tonic" to be applied to other business concerns.

The sweeping move was necessary to prevent a run on deposits that would inevitably have forced the group's bank to seek temporary receivership, he said in an interview.

Private bankers in Madrid had been awaiting a major development in the Rumasa controversy and the move provoked little hostile reaction.

The unprecedented expropriation measure, in the form of a decree published in yesterday's official bulletin, came after withdrawals from the group's banks estimated at $60m over the last few days as the row between the Socialist Government and Rumasa came into the public arena. The banks, which have total deposits of $4.7bn, have been closed till Monday, when the Government expects panic to have subsided.

Sr Boyer said the authorities would look separately at the 40 or so companies affiliated to the group outside Spain, which were not included in the expropriation measure. It was not clear exactly what holdings Rumasa had in these companies.

Rumasa's foreign business interests include the Augustus Barnett wine stores in the UK. The group claims to be Spain's biggest wine producer and exporter, based on sherry and Rioja wines, and the biggest hotel-owner.

Sr Boyer said that Rumasa interests could later be returned to private sector ownership, but indicated that the state might have no choice but to retain ownership of the banks, which make up the eighth largest banking group in Spain.

A court judment would be sought on the possible liability of Rumasa's former owners with regared to a disputed back tax claim against it amounting to some Pta 20bn ($150m), Sr Boyer said.

Earlier, in a press conference, he accused Rumasa of "systematic obstruction" of ministry officials and said that in some instances inspectors had been supplied with false addresses for companies in the group. Any "anomalies" at Rumasa would be notified to the legal authorities, he said.

The government would meanwhile seek to establish a "fair price" for shareholders in Rumasa companies with independent arbitration foreseen in case of conflict.

Continued on Page 14
Background, Page 2

Carajas ore project delayed for a year

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE CARAJAS iron ore project, $3.28bn centrepiece of Brazil's plans to develop the south-east Amazon region, is being delayed by at least a year because of the crisis gripping the world steel industry.

Carajas, which is destined eventually to produce 35m tonnes of ore a year, is now due to come on stream in July 1986, according to CVRD, Brazil's state-owned minerals company responsible for the project.

Output of 5m tonnes is planned for the second half of 1986. However, Sr Jose Clovis Ditzel, CVRD's sales director, said yesterday the situation would have to be reviewed again in a year's time if the international market did not improve this year, as expected.

Because of the delay, CVRD's planned investment in the project this year will fall from an originally budgeted $1bn to $490m.

The Carajas postponement, specifically excluded by the Brazilian Government from its general spending cuts on the grounds that it is of prime national importance, means virtually all the major Amazon development projects have now been set back.

The Tucurui bydroelectric scheme, the main source of the region's power, has been delayed by more than a year on budgetary grounds and because of the slow progress being made in clearing the jungle behind the buge dam.

Work on the Albras-Alunorte alu-

Continued on Page 14

CONTENTS

Euro-Parliament is urged to call off N. Ireland inquiry

BY OUR FOREIGN AND POLITICAL STAFF

THE EUROPEAN Parliament's executive body has come under strong pressure to overturn the controversial decision by the assembly's political affairs committee to investigate the situation in Northern Ireland.

The initiative has attracted fierce hostility from Britain's Conservative Government, which yesterday indicated that it might challenge the European Parliament's decision in the European Court if the inquiry goes ahead.

The Parliament's 13 member executive bureau which is chaired by Mr Piet Dankert, the President, is now to rule whether the political affairs committee's plan is compatible with Parliament's declaration two years ago that it could have no legal role to play in Northern Ireland's internal affairs.

This follows a motion from two Ulster Unionist MEPs – the Rev Ian Paisley and Mr John Taylor – arguing that the proposed investigation is beyond the parliament's "competence."

It was also Mr Paisley who elicited from Mr James Prior, the UK's Northern Ireland Secretary, a commitment to consider challenging any such inquiry in the European Court.

Urged by Mr Paisley to take the issue to the Court, Mr Prior said this was "a matter to which we must give consideration, and we will do so."

In a statement in the British Parliament yesterday, Mr Prior said that the planned inquiry "could have no constitutional implication for the United Kingdom." He said bluntly that the parliament had "no business to discuss the internal political affairs of a member-state."

The opposition Labour Party, for its part, added that it would not be co-operating with "any inquiry into the internal affairs of this house."

The political affairs committee voted by 12 to seven, with four abstentions, on Wednesday night to go ahead with the plan, despite strong opposition from British Conservatives and Ulster Unionist MEPs. However, the Committee shelved a Socialist-backed proposal to hold public hearings on the issue, deferring its decision until after the executive bureau meets.

The bureau is scheduled to meet when the European Parliament sits in Strasbourg on March 7 to 11, but it was not clear yesterday whether the issue would get on to an already crowded agenda.

Socialist MEPs have dismissed the UK Government's stance as hypocritical and contradictory to public calls by British Conservatives for an extension of the European Parliament's powers.

Mrs Ien van den Heuvel, political affairs spokesman for the parliament's Socialist group, said yesterday that the parliament could not ignore a crisis on its own doorstep. "I believe the inquiry can offer real hope to the people of Northern Ireland and the prospect of e solution through international action"

Britain to urge helicopter deal during Fanfani visit

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

THE BRITISH Government intends today to urge Sig Amintore Fanfani, the Italian Prime Minister, and the ministers he brought to London last night to put their political weight behind a British-Italian scheme for the joint manufacture of helicopters.

The project, agreed in principle last September, has been held up by delays in Rome in passing the necessary legislation through parliament. Mrs Margaret Thatcher, the British Prime Minister, who had a working dinner with Sig Fanfani last night, and other British ministers are keen to see a formal protocol signed by the end of next month.

The helicopter would be a replacement for the Sea King which was widely used in the Falklands war and would be for civilian and military use. As planned, the EH 101 is to be built jointly by Westland in Britain and Agusta in Italy at a development cost of £450m spread over ten years.

The British-Italian summit in part of the regular consultations between the two governments, and Sig Fanfani may choose to use the occasion to express Italian worries that a mood of heightened nationalism is entering British foreign policy.

The Italians are worried about the possibilities of a further protracted row over Britain's contributions to the EEC budget. They would also like to see Britain agree to start negotiations with Argentina over the Falklands.

Grandoise blueprints, Page 8

Union calls indefinite strike at Renault

AN INDEFINITE strike has been called from today at Renault's car plant at Flins outside Paris following an unexpected hardening of attitudes both by management and the main union involved, write David Housego in Paris.

The management said yesterday it had asked the Ministry of Labour to confirm the sacking of three officials of the pro-Socialist CFDT union implicated in violence during last month's stoppage at the plant which cost Renault more than 40,000 cars.

The CFDT responded immediately by a call for an indefinite strike. Earlier this week the union had suspended strike action in the hope of a compromise.

The Communist led CGT union, which is in a minority at the plent, condemned the management's action but has not called a strike. It has demanded meetings of works councils throughout the Renault group to support the dismissed workers.

Barbie charges

Klaus Barbie, the former Gestapo officer in Lyons, was told formally yesterday of the main charges he will face, David Housego writes from Paris. The Lyons Public Prosecutor said earlier that Barbie will only be tried for "crimes against humanity," including the arrest, torture and murder of some 294 people and the deportation of some 600 to concentration camps.

Ariane delayed

The next launch of Ariane, the European space rocket, has been further postponed from April until June, the European Space Agency said yesterday, David Housego writes from Paris.

Arms talks warning

Mr Andrei Gromyko, the Soviet Foreign Minister, yesterday warned that Moscow might abandon the intermediate range missile talks in Geneva if the U.S. starts deploying new missiles in Europe, writes David Buchan. To believe the talks would continue was "a delusion."

Soviet spy claim

Italian police yesterday arrested a second Soviet citizen on spying charges, Reuter reports from Rome. Victor Koniaev, deputy commercial director of a joint Italian-Soviet company, was charged with military spying in complicity with Soviet airline official Victor Pronin and Italian Azeglio Negrino, who were arrested on February 14.

Madrid has the last word in Rumasa affair

BY DAVID WHITE IN MADRID

IN ANDALUCIA, people could speak in the same breath—at least until yesterday—of Jose Maria Ruiz-Mateos, founder of the Rumasa holding empire, and Felipe Gonzalez, head of the Socialist Government which has just expropriated all of Rumasa's Spanish business interests. They were both local boys from the backward south who made good in Madrid.

Only a few days ago, while the row between the Government and Rumasa was already heading for its denouement, businessmen at a conference in Granada were applauding a vote of confidence in Sr Ruiz-Mateos as "Spain's foremost businessman in the world."

But Sr Ruiz-Mateos's last-ditch bid to preserve confidence in the group which he has built up from scratch over the past 22 years exploded yesterday.

Spaniards cannot remember any business story which has made such an impact as this—and certainly no story of such importance since the Socialists won power last October.

This is partly because the Government's expropriation of Rumasa's 240 Spanish companies was so swift and spectacular, and partly because of the controversial nature of Sr Ruiz-Mateos himself, who is linked to the Catholic Opus Dei organisation, but is an outsider to Madrid's financial or political establishment.

Boards of big banks were huddled around television sets and taxi-drivers listened to the radio transmission of the lengthy, sober press conference by Sr Miguel Boyer, Economy and Finance Minister.

The climax of the Rumasa affair marks, by common consensus, the 30th in the list of banking crises which began in 1978, the biggest and—some hope—the last. Although Sr Boyer indicated he would like to see Rumasa's interests going back to the private sector, it is also the Socialist Government's first nationalisation.

The party's electoral programme made only token space for nationalisation—that of the high-tension power grid, with a provision under which the Government might take control of banks if they were sustained by taxpayers' money.

If the Rumase move itself camr as a surprise, the revelation of problems at the company did not. Many banks had already stopped any credit to the group. The story told by Sr Boyer yesterday was of a dispute going back to 1978 between the company and Sr Jose Ramon Alvarez Rendueles, the Governor of the Bank of Spain, over the provision of financial information.

Rumasa's banks, with \$4.75bn (£3.1bn) in customers' deposits, make it the eighth largest of Spain's banking groups. But it has been more of a commercial than a banking operation, with an annual turnover of \$2.7bn, exports of \$270m, and a range of activities which extends from finance and insurance to food, wine, construction, mining, stores, shipping, property, and a large chain of hotels.

Controlled by Sr Ruiz-Mateos and his brothers, it grew up from a small wine-growing business near Jerez de la Frontera. The first coup to launch the business was a 99-year exclusive sherry supply contract to Herveys of the UK. The group later bought its own UK interests in the Field, Williams and Humbert, and the Augustus Barnett wine stores.

When Sr Ruiz-Mateos started out at the age of 30, be had seven employees. The group now counts 60,000, in an inextricable and ever-expanding web of companies.

Sr Ruiz Mateos: legendary application and determination

"The best team in Spain was how Sr Ruiz-Mateos described his colleagues at a tense and packed press conference on Tuesday. Few would question that he has had some of the most dynamic and able managers in the country working under him.

Sr Ruiz Mateos himself is the opposite of what many would think him to be: a *Senorito* (meaning a good-for-nothing son of landed gentry). He is a self-made man, with legendary application and determination.

"Jose Maria doesn't know what a horse is," said a colleague. "He only knows two things, how to work and how to make children." Sr Ruiz-Mateos has 13 of them.

In an empire built up around his family name — the word Rumasa is taken from it—the final irony was that the list of companies expropriated by the state should end with this one: Zoilo Ruiz-Mateos S.A., the sherry company bearing the name of his father.

Advertisements in current magazine issues for the group's Don Zoilo sherry carry the note: "With the guarantee of ..." and then the Rumasa symbol, a hexagon with a bee in the middle. From now on, this would logically heve to be replaced by the Socialist fist and rose.

Warsaw press purge falters

By Christopher Bobinski in Warsaw

An official campaign in Poland to remove from specialist magazines journalists who found refuge there after the post-martial law purge of the media has faltered in the face of opposition by the Federation of Engineering Associations.

In a defiant gesture unthinkable before 1980 the governing board of the federation, which represents several score professional associations, asked for clarification of a decision by the party central committee to appoint a journalist from the army daily newspaper to head one of its publications, the Technical Review.

This has held up the appointment which was designed to bring the review under control and weaken the position of Mr Alexander Kopec, a former deputy premier, and now the chairman of the federation.

Recently, the authorities closed down the review's supplement, WIP, an economic newsletter for managers on the grounds that it threatened the interests of the State.

Yugoslavian debt deadline likely to be met

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

YUGOSLAVIA's commercial bank creditors are confident that they will have drawn up details of a \$2bn debt rescue package for Yugoslavia before the February 28 deadline set by the International Monetary Fund.

They will not have had time by then, however, to submit the plan for approval by all the country's creditor banks or to discuss it with Yugoslavia which is likely to object to some of the conditions the banks want to impose.

Following another meeting in London this week of the 15-bank co-ordinating committee of Yugoslavia's creditor banks, bankers said that the commercial bank package was now "90 to 95 per cent ready." It forms an integral part of a \$4.5bn rescue package which will also include contributions from Western governments, central banks, the IMF and the World Bank.

Commercial banks are expected to contribute just under \$2bn both through refinancing of existing debt and the extension of new loans to help cover Yugoslavia's balance of payments deficit this year.

The leading creditor banks are understood to have some idea now of the interest rate that Yugoslavia will be charged for this, as well as the maturity of their new loans, but these details are being kept confidential, however, for fear of prejudicing their negotiating position with Belgrade.

Some of the criteria for commercial bank participation in the package are emerging, however. Banks will be asked to contribute in proportion to their exposure on November 30. This means that banks which contributed to Yugoslavia's last \$200m arranged by Citibank in December will not have to count their contributions to that operation as part of their base exposure.

The exposure calculations will also exclude export credit finance guaranteed by Western governments. This will ease the burden on some European banks much of whose lending to Yugoslavia has been extended on this basis.

David Buchan adds: The 15 Western governments involved in the rescue effort have made clear that it rests largely on the commercial banks to provide Yugoslavie with fresh cash rests.

The governments have put together an aid package of more than \$1.3bn. But most is in the form of trade credit. Officials say that pure financial loans will not exceed \$200m.

"Anything which could be construed as a Western government bail-out would do damage to the Yugoslav position of non-alignment," said a U.S. official.

Comecon call for Soviet oil price cut

BY LESLIE COLITT IN BERLIN

EAST EUROPEAN members of Comecon are urging Moscow to reduce the price of Soviet oil, which is currently equivalent to \$27 a barrel and is scheduled to rise to \$29 next year.

The price the East Europeans pay for Soviet oil has come under pressure because of sliding oil prices in the West.

This emerged after a two-day meeting of Comecon planners in East Berlin to prepare for a gathering of the bloc's prime ministers in Berlin in June.

The Comecon price for Soviet oil is calculated on a sliding five-year average of international oil prices. If Western oil prices continue to decline, they will fall under the price Comecon pays for Soviet oil. This would be regarded as politically embarrassing for Moscow, which has stressed the price advantage the East Europeans enjoy from cheaper Soviet oil.

The East European's are said to be interested in getting Soviet oil prices fixed on a shorter period than the current average of the past five years.

Moscow, in the view of Comecon specialists, would almost certainly reply by calling on the East Europeans to invest far more in extracting Soviet oil and natural gas than currently.

The East Europeans planning commission chiefs who met in East Berlin, discussed the four main Comecon priorities, which have been set out for coming years: stable energy supplies, improved consumer goods, co-operation in mechanical engineering and self-sufficiency in agricultural production.

They also dealt with the co-ordination of national plans after 1985, which is the end of the current five-year plan. Comecon economies are growing at greatly varying rates which elevates long-range planning to the realm of prophecy.

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The question marks that hang over Schmidt's New Deal

BY JONATHAN CARR IN BONN

THE LOCOMOTIVE is dead. Long live the convoy! That in a nutshell is Herr Helmut Schmidt's message to the next Western economic summit conference at Williamsburg in the United States in May. It is coupled with the warning that if the convoy does not hold together now, the vessels may founder or the crews mutiny.

During his eight years (until last October) as West German Chancellor Herr Schmidt trenchantly opposed the idea that his country could act as a locomotive to drag the world out of recession. The most it could do was play a modest reflationary role as part of a package of complementary economic measures—of the kind agreed by the West's seven leading industrial states at the Bonn summit in 1978.

Now, in what amounts to his "economic testament" printed in full today in the Economist, Herr Schmidt goes a stage further. He urges a new and more ambitious package—one might almost call it a "New Deal for the world economy"—on the May summit. And he leaves no doubt about what he thinks will be the consequences of inaction.

The key question is whether President Reagan feels able to take new action to cut the deficit, thus relieving U.S., and world, capital markets. If not, the scope for other Western countries to cut their rates further will be limited.

He writes at the start: "If we are lucky historians will call these years 'The Great Stagnation.' But if we misread the signs of the times and continue to let the reins drag, our children will compare them with the catastrophe of the 1930s. They will begin to doubt our economic and political system, and in some countries they may—as the Germans did in 1933—jettison it altogether."

There is little doubt that Herr Schmidt is expressing what many other Western leaders fear, and feels he can do so (more) bluntly and publicly now he is out of office. But there must be at least a big question mark over whether "the Big Seven" can reach accord on the package of economic, financial, fiscal, currency (and even energy policy) proposals which the ex-Chancellor advocates.

For example, Herr Schmidt puts a cut in real interest rates high on his list, stressing that "it is a threat to the whole system if a company can earn a higher yield on money investment than on capital investment over an extended period." He also underlines the interconnection between U.S. and other interest rates, the U.S. budget deficit, the dollar debt burden of developing countries, and the weakness of world trade.

The key question is whether President Ronald Reagan feels in a position to take new action to cut the deficit, thus relieving the U.S., and world, capital markets. Because if he does not, then the scope of other Western countries to cut their rates further will remain limited.

Herr Schmidt advocates a "tit for tat" strategy under which countries far enough on in the battle against inflation should pursue more expansionary policies, helping out those still struggling with a high rate of price increases. Among the summit participants, Herr Schmidt says Japan, West Germany and Britain could — and should — go for controlled reflation (along with non-summit members Netherlands, Austria and Switzerland).

But is Mrs Margaret Thatcher, Britain's Prime Minister, ready to "go for growth" — or, for that matter, is Herr Schmidt's successor as Chancellor, Herr Helmut Kohl?

Under the heading "Protectionism—Escape into Suicide," Herr Schmidt urges that the summit participants make, as an absolute minimum, a binding pledge to introduce no new obstacles to trade for two years. Is President Francois Mitterrand of France prepared to do this, even in return for an economic boost by Mrs Thatcher and Herr Kohl?

As one would expect from one of the creators of the European Monetary System, Herr Schmidt argues strongly that sharp currency fluctuation has been a big obstacle to trade and business confidence. He urges new efforts to bring greater stability — in the first place between the dollar, European currency unit and the yen.

But he is also clearly aware that this calls for a greater readiness by U.S. authorities to intervene to steady the dollar. Are the Americans ready to go along this road?

Herr Schmidt evidently takes some encouragement from the fact that the U.S. agreed to a study on intervention at the last economic summit in Versailles. He says flatly that this study will show that intervention has been valuable.

Even if Herr Schmidt were still in office and taking part in the May summit, he would be hard put to persuade fellow heads of state and government to take the economic medicine he prescribes.

He is well aware of the danger, but feels he has an important, perhaps crucial, ally in his friend Mr George Shultz, the U.S. Secretary of State. That does not mean Herr Schmidt expects Mr Shultz—"that great American" as he constantly calls him — to pounce on the scheme and brandish it publicly as an agenda for the Williamsburg summit.

On the contrary, Mr Shultz is going around saying he feels there should be no formal agenda for Williamsburg and that the meeting should be "a fireside chat." As far as Herr Schmidt is concerned, that is the ideal way to prepare for decisions of importance by Western leaders — low key and low public expectations. Who knows, it might even work.

David Marsh meets personalities competing for power in one of France's forthcoming city polls

Silver-haired Bordeaux mayor seeks national tonic

"METICULEUSEMENT" — M Jacques Chaban-Delmas the 67-year-old long-time mayor of Bordeaux and France's former Prime Minister under President Georges Pompidou, draws out the word slowly, with stress on every syllable as he spells out his thorough approach to one of the key themes in the city's municipal election campaign.

The silvery-haired *Inspecteur des Finances*, seasoned puller of political strings at home and abroad from his fiefdom in south-western France, still—a decade after being ousted from the Prime Ministership—harbours hopes of a national comeback as an emblem-bearer for the centre-Right.

At a Press conference to launch his programme for the elections on March 6 and 13, the mayor is not, however, talking about attracting industry or balancing the budget—but about studious attention to detail in the city's creches.

In Bordeaux proper—where M Chaban-Delmas has ruled with impregnable ease for 35 years—"we have 12 creches for 220,000 inhabitants."

In the outlying conglomeration of 400,000 people—which happens to be run by the Left—"there are only five. Only five," he repeats sadly.

"We have 47 nursery schools. You should have been at the lunch for our 47 schoolmistresses. You would have been enchanted by the atmosphere."

Creches, culture-for-all and sports facilities are all part of the Chaban-Delmas policy which has kept him in power since, as a boyish hero of the French Resistance, he took the city by storm just after the war.

As an accomplished rugby and football player in his younger days (he still plays 1½ hours of tennis a week and works out regularly in the gym), now a comfortable family man with numerous grandchildren, he believes sport and children should mix.

"The kids can learn how to play golf for nothing. Bordeaux is not a town where there is only sport for the rich."

His attention to welfare, plus a businesslike approach to town hall finance, has given Bordeaux what M Chaban-Delmas claims to be a regional version of the reforming "New Society" which, Kennedy-like, he promised France in 1969 to 1972.

The Left has set a quality candidate to run against him next month — Mme Catherine Lalumière, the queenly and hard-working 47-year-old Minister for Consumer Affairs in the Socialist Government.

But she is facing an uphill—almost vertical — struggle. M Philippe Madrelle, as the Socialist president of both the Aquitaine regional council and the Gironde departmental council—and a Senator to boot—is one of the leading Left-wing lights of south-western France.

He says Mme Lalumière would do well to achieve 40 per cent of the vote — against 35 per cent won by the Left in the last municipals six years ago.

In fact, Mme Lalumière, hampered by widespread feeling that she is an outsider not sufficiently acquainted with the region, will probably do a great deal worse.

In a recent local opinion poll, M Chaban-Delmas was given 55 per cent of the vote, with only 26 per cent going to the Socialist candidate.

The well polished Chaban-Delmas image is so well known that only the major's face — not his name — appears on the election placards scattered around the well-renovated walls of the city.

On her campaign advertisements, Mme Lalumière, who like Mrs Margaret Thatcher, the British Prime Minister, favours haute couture in ice blue, comes over as a trifle too imperial. And she has not endeared herself to some sections of the populace by having her bigger posters printed in Paris — even though, she says, this way forced by the lack of sufficiently large printing machines locally.

FRENCH MUNICIPAL ELECTIONS

● M Jacques Chaban-Delmas (right), mayor of Bordeaux and a former French Prime Minister, attracts fierce loyalty and capitalises on local sentiment that his opponent is an interloper.

Summing up the fierce loyalty to M Chaban-Delmas which, according to some observers in the city, could keep him in power for another decade, one of the major's campaign organisers says: "Chaban always had contact with the Bordelais — he was here four days a week even when he was Prime Minister."

The campaign organiser was speaking in the mayor's election headquarters in a large café opposite the cathedral, beneath a blown-up photo of General de Gaulle and the young and charismatic M Chaban-Delmas together in Bordeaux just after the war.

"You can't fool the people. You can't be a deputy since 1946 and mayor since 1947 without looking after them."

M Chaban-Delmas knows how to do that. One of the reasons for his popularity in his role in helping attract companies like Ford and IBM into the traditionally under-industrialised region.

Lately, however, the continuing success of the wine trade and the activities of military and aerospace companies on the Bordeaux periphery have been overshadowed by bankruptcies in traditional sectors like textiles and footwear and the running down of the port's hydrocarbons trade.

Unemployment is 13 per cent in Bordeaux and 14.6 per cent in the conurbation — well above the national average.

The mayor trades on the local sentiment that his opponent is an interloper — while he is an experienced man of state who is one of the very few to call President Francois Mitterrand by the familiar "tu."

Exasperated by the Socialists' "infantile" attempts to make mileage out of the decline in Bordeaux's population or the rising proportion of elderly people, M Chaban-Delmas has refused an electoral debate with Mme Lalumière.

It would be "sterile," he says. "She is a woman who is educated, intelligent and moves in the right company. But she has no particular knowledge of Bordeaux, its people or its affairs."

Wounded by this refusal to take her seriously, Mme Lalumière points out that M Chaban-Delmas himself comes from outside the area (he was born and bred in Paris) and denies being "parachuted in" for the election. Born in Rennes in Britanny, she is now married to a local Socialist mayor and her link with Bordeaux goes back 22 years.

Another factor counting against her among Bordeaux's conservative citizenry is her role as Minister for Consumer Affairs, a new post created for the first time by the Socialists.

Although a believer in "dialogue," she is closely involved with the policies propounded by M Jacques Delors, the Finance Minister, of holding down retailers' margins to tackle the "structural" causes of French inflation.

By a twist of fate, M Delors was a key member of the Chaban-Delmas government team which launched the industrial and social reforms of 1969-72. But this link is now consigned to the history books.

In an informal FT opinion poll conducted on the staid streets of central Bordeaux last week, only three (all women) out of a dozen citizens interviewed favoured Mme Lalumière.

One woman said the Socialist candidate's consumer policies were wrong. Was she a retailer herself? I asked. "No, but I am very well placed—and above all, so is my husband."

For Mme Lalumière, the election has one brighter aspect. Through the new system of proportional voting, it gives the Socialists the chance of electing representatives to the Bordeaux municipal council (perhaps 10 or 15 seats out of the total 61) and therefore injecting fresh blood into town hall affairs.

The other main theme is whether the Socialists can hang on to control of the overall Bordeaux conurbation, won by a hair's breadth from the Right six years ago. M Michel Sainte-Marie, the Socialist mayor of one of the outlying Bordeaux communes, who has headed the Greater Bordeaux urban council since 1977, stresses, however, that he has run it in close co-operation with M Chaban-Delmas.

There will be a strong element of continuity even if the conurbation swings back to the Right.

The most intriguing aspect of the mayoral tussle is the future of M Chaban-Delmas himself. Is, as some local observers affirm, the comfortable regional family image nothing but a front? Is the old fox rooting to return to the national political scene?

In an interview in the baronial 18th century Bordeaux town hall last week, M Chaban-Delmas poured cold water on any idea that he is playing the "fourth man" (in addition to M Barre, Chirac and Giscard d'Estaing) of the Opposition.

"I've had a marvellous life —I've done everything short of being President (he ran, unsuccessfully, in 1974), I'm not looking for a position."

But, on the suggestion of offering a "middle way" between Left and Right, he added: "I do at least know how to govern. There are a lot of people—millions—who say 'If only we'd listened to Chaban and his ideas on the New Society.' One never knows what will happen in France. I do not have the right to withdraw—perhaps I could again prove useful to my country. I am staying very discreet—but available."

Balsemao may be edged aside

By Diana Smith in Lisbon

THE PORTUGUESE Social Democrat Party, which has held the dominant position in the three-year-old Democratic Alliance Government is expected to choose new leaders at its congress in the Algarve this weekend.

Sr Francisco Pinto Balsemao, co-founder and president, is likely to be given a position of some dignity, reflecting his historic role in the party. But there is a groundswell movement to transfer real party power to prominent personalities like Prof Carlos Mota Pinto, who was Prime Minister briefly in 1979.

The inability of Sr Balsemao, in the two years he was Premier to provide dynamic leadership in Government or inside a traditionally argumentative party severely hurt his standing with his fellow Social Democrats.

Ever since President Antonio Ramalho Eanes announced his decision to dissolve Parliament and call an early general election on April 25, the Social Democrat Party has been on the move, seeking a new leadership and image that could attract a solid vote in April.

A cruel blow was dealt to Sr Balsemao's image by a recent poll in the influential weekly newspaper O Jornal. It showed that while 20.4 per cent of those polled favoured Sr Mario Soares, the Socialist leader, as the next Premier, and 12.8 per cent wanted Prof Mota Pinto, only 2.2 per cent would choose Sr Balsemao.

The Social Democrats, like other Portuguese parties, cover a wide political range, from strongly conservative in the north, where the party structures inherited the quasi-fuedal systems of patronage from the old regime, to genuinely social democrat in less rural areas.

Prof Mota Pinto appeals to a fairly broad party spectrum, but there is no guarantee that the congress, which is prone to heated outbursts from the rank and file, is ready to vote for a closely-knit structure that would enhance its image

AMERICAN NEWS

Brazil's jumbo loan agreement due for signing today

BY ANDREW WHITLEY IN RIO DE JANEIRO AND PETER MONTAGNON IN LONDON

THE BRAZILIAN Government is due to sign in New York today agreements with its commercial bank creditors on a jumbo loan of $4.4bn (£2.9bn) and the roll-over for eight years of $4bn in debt principal falling due for repayment this year.

The signing represents the successful conclusion of the first two elements of Brazil's four-point debt rescue package, launched through leading commercial banks in December. However, Brazil has still not completed the fourth part of the package, which entails bringing interbank lines to branches of its banks abroad up to a total of $7.5bn.

An official for Bankers Trust in New York said yesterday that Brazil was still some $500m short of the target for interbank lines. This is an improvement since the weekend, and the shortfall is still considered unlikely to prevent the International Monetary Fund formally approving loans to Brazil totalling some $5.4bn on Monday.

Bankers Trust said that leading creditor banks would continue to work towards the completion of the fourth part of Brazil's package even after the IMF loan is signed.

It will then be necessary to police its implementation for several months to ensure that international banks maintain the commitments made under this part of the package.

The third part of the package, which involves maintenance of short-term trade credits, has already exceeded its target amount of $8.8bn. Brazil has such commitments amounting to $9.4bn.

Brazil's continuing tight liquidity situation has been highlighted by the problems being caused by the need to repay part of a $1.2bn loan advanced by the Bank for International Settlements.

The BIS is reported to have told Brazil that for the moment, the initial repayment can only be delayed until March 15, rather than June 5 as Brazil requested last week. In consequence, Government officials here say Brazil is preparing a new request to the U.S. Treasury for a loan of about $400m to help tide the country over.

Brazil's top economic officials, Sr Antonio Delfim Neto and Sr Ernane Galveas, may meet Mr Donald Regan, the U.S. Treasury Secretary, to discuss the request in Washington next week. The Brazilian officials are presently in New York for today's signing ceremony.

More sackings loom in U.S. toxic waste row

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

CONTROVERSY OVER the embattled Environmental Protection Agency rumbled on in Washington yesterday after the White House demanded the resignation of two more of the agency's senior officials.

The White House said the latest changes would give the agency a "fresh start" after allegations of mismanagement, but a leading Democratic congressman warned that "sacrificial lambs" would not put an end to the scandal.

Mr Elliott Levitas, chairman of the House subcommittee that first brought contempt of Congress charges against the EPA's head, Mrs Anne Burford, said that Congress had to complete its investigations into the EPA's affairs. At issue is the agency's handling of potentially dangerous chemical dumps with a $1.6bn programme set up in 1980.

Mrs Burford has been cited for contempt for refusing to supply documents about the agency's hazardous waste programme, and Mr Reagan has already fired Miss Rita Lavelle, the programme's former head.

The latest dismissal involved Mr Matthew Novick, the agency's inspector general, and Mr John Horton, the assistant administrator. Both are under investigation for irregular conduct, but the White House said they had resigned "without prejudice" and were not suspected of wrong-doing. The aim was to strengthen the agency's senior management.

Argentine junta insists on inflation package

By Jimmy Burns in Buenos Aires

SR JORGE WEHBE, the Argentine Economy Minister, was yesterday facing intense pressure from the ruling military junta to adopt a package of economic measures aimed at halting the country's continuing slide towards hyperinflation.

The measures, which could include price controls covering the main shopping basket of consumer goods in exchange for a salaries freeze, are understood to have been considered by the junta during their recent round of prices talks with President Reynaldo Bignone.

Sr Wehbe returned from debt talks in the U.S. last week to intense speculation about his imminent sacking. The junta has apparently made his position in the Cabinet conditional on the success of his anti-inflation drive.

Consumer prices rose by 16 per cent in January, 5 percentage points above the Government forecast, and economists are privately predicting an annual inflation rate in 1983 of over 500 per cent, compared to the Government target of 160 per cent.

Sr Wehbe is, however, reported to have made considerable progress in tying up outstanding aspects of an international aid package aimed at helping his country over its foreign debt crisis. According to foreign bankers in Buenos Aires, the signature of a five-year term loan of $1.5bn (£980m) will take place before the end of March, and talks are well advanced on the renegotiation of between $5.5bn and $8bn of short-term debt which falls due this year.

There is some uncertainty over a $500m short-term bridging credit with the Bank of International Settlements which has apparently not been disbursed yet.

Bankers also point out that real progress in Argentina's debt negotiations will depend on the outcome of an IMF mission in Buenos Aires before April to monitor Argentina's adherence to targets in its letter of intent, signed at the end of last year.

Paul Taylor in New York reports on the growth of financial services in the home

Pronto brings banking to U.S. living rooms

NO-ONE has quite figured how to arrange for the television set in the living room to churn out dollar bills — at least not legally —but a growing number of U.S. banks are convinced that armchair banking, using a personal computer and a telephone line is more than a gimmick.

Mr John Farnsworth, a senior vice president of Chemical Bank, the sixth largest U.S. bank and head of its recently formed electronic banking division, is a confirmed believer.

His conviction may not be so surprising, since Chemical, alone among the major U.S. banks, has introduced one of the few commercially available home banking packages.

The system, called Pronto, enables customers to perform a wide range of banking services and is now being licensed by Chemical to a growing number of regional banks including Crocker and the California Bank, which is 57 per cent owned by Midland of the UK.

"1981 and 1982 were when the market research and planning was done," said Mr Farnsworth. "1983 and 1984 are going to be the production years."

He sees the television video game, 18m of which are now installed in the U.S., as the "trojan horse" for home computers. But many U.S. bankers remain dubious about whether home banking can be made into a profitable bank business or indeed whether the systems can be made sufficiently "user friendly" to attract more than a very limited number of bank clients.

Nevertheless, most bankers would agree that the concept—and the hardware—is at a watershed. They agree that the next two years will determine whether or not such systems become a permanent feature of U.S. bank services in the same way that automatic teller machines (ATMs) have all but replaced the cheque cashing function of the neighbourhood bank cashier.

Currently, about 25 out of the 14,000 U.S. banks are experimenting with, or running on a commercial basis, some form of home banking system and the number is expected to double this year.

Chase Manhattan and Citibank—the second largest bank in the U.S.—are experimenting with the systems and there are persistent rumours that Citibank has developed its own version to compete with Pronto.

Most of the banks, however, have not developed their own systems from scratch but have used those provided by computer service networks, like Compuserve, a subsidiary of H and R Block and the largest videotext company in the U.S.

Last year, Shawmut Bank of Boston joined the Compuserve service and most recently Huntington National Bank of Columbus, Ohio, began offering its own version of the system.

Using Huntington's system, customers can perform a wide range of banking activities including checking balances and other information on a number of different accounts, receiving a listing of cheques and other transactions and up-to-date information about interest rates and other bank information.

Customers can also pay bills by computer including regular monthly or quarterly payments.

In the future, Huntington intends to offer other services via the system including stock brokerage services which could prove to be a real attraction of the system to banks eager to carve out a place in the increasingly deregulated financial services sector.

The bank had identified three groups of potential customers: the individual with a higher-than-average income who wants up-to-date information on funds free for investment; the computer hobbyist; and small business owners.

Initially, Huntington only expected about 100 small businesses and 200 individuals to use the service. However it is predicting a steady increase in the number of users.

Chemical expects to begin offering its service to 2,000 to 3,000 customers paying between $8 (£5.26) and $10 a month from April. However, the bank is projecting 10,000 paying customers in New York within a few years.

Chemical took several years to design and develop the system before running a trial project involving 200 New York households in 1981.

Pronto will provide full bill-paying services with all the major New York department stores, public utilities and credit cards. So far the bank has lined up 350 retailers to join the scheme.

"Eventually we see one of the main possibilities to be electronic billing," said Mr Farnsworth. "Sears has 25m customer accounts and in five years about 5m of those accounts could be on Pronto."

Before that can be achieved, Chemical will have to expand its system to operate on more versions of home computers.

The current system was designed to work on Atari machines, costing from $209. Chemical says it has the system running on Apple computers and IBM's highly successful personal computer in the laboratory and is working on other configurations. "We aim to support any home terminal that has 10 per cent of the market," said Mr Farnsworth.

Some banks are rushing into home banking services because they fear that if they miss the opportunity now they could well find other sections of the financial services industry and information groups moving into basic banking business. These banks also believe that home banking could help cut costs at a time when margins are under increasing pressure.

Chemical plans to add teleshopping and other information services to Pronto, together with stock trading facilities "by the end of this year."

Meanwhile, other companies like Automatic Data Processing has teamed up with CBS and AT and T to provide a teletext service providing home banking.

Mr Farnsworth strongly believes that banks will have to take banking into the home if they are to meet this challenge. U.S. banks, with $130bn in capital and access to 87 per cent of the population, have a unique opportunity to develop the market, he says.

However, it appears unlikely that the next stage of the banking revolution will happen overnight. Cash is still too important a commodity in the U.S.

COLUMBUS, OHIO — a group of banks said yesterday it would launch the first in-home banking network in September in South Florida.

Banc One, Southeast Banking, Wachovia and Security Pacific said they formed a joint venture called Videofinancial service. The joint venture will provide banking services through a South Florida videotext service called Viewdata, a joint venture of Knight-Ridder newspapers and American Telephone & Telegraph's American Bell unit.

The new venture will provide software and computer services to banks, enabling them to offer home banking to their customers without the hefty cost of initial development and start-up. Videofinancial has so far signed up 16 South Florida banks and the system could be expanded nationwide.

The viewtron system uses telephone lines TV sets. For about $600, customers can buy an American Bell-made terminal which will translate telephone signals to colour graphics on a TV screen.—DJ

Microchip defence R&D planned

BY LOUISE KEHOE IN NEW YORK

THE U.S. Department of Defence plans to pump over $1bn (£657m) into microchip research in a series of new programmes scheduled to begin in fiscal year 1984, Mr Richard D. DeLauer, U.S. Under Secretary for Research and Development, told representatives of the U.S. semiconductor industry in New York on Wednesday.

Mr DeLauer said the department would be looking for broad industry co-operation in undertaking the major research programmes. "We will need all the help we can get," he said.

While admitting he did not yet have the full approval for his new budget, Mr DeLauer assured his audience that "you don't talk about these things unless you have the money."

The biggest programme would be intended to develop super computers many times faster and more powerful than present ones. "The fifth generation development programme is the U.S. answer to Japan's Government-supported fifth-generation computer programme," he said.

Funding for the programme would begin with $50m in 1984 and total $500m over a five-year period, he said.

Other programmes scheduled to begin in 1984 include a $90m programme to improve the yield of working devices in semiconductor production, $176m for "technical insertion" and $131m for computer-aided design systems development.

In addition, Mr DeLauer promised to increase funding for the existing very high speed integrated circuits programme, already budgeted at $300m. That programme, which was planned three years ago, was the department's first funding of chip technology.

The Department of Defence research programmes are intended to produce strategic technology for defence applications. The department also hopes to boost the U.S. electronics industry. This reflects growing concern in Washington that the U.S. may lose its leadership in electronics technology.

UK calls on U.S. to drop defence trade barriers

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR GEOFFREY Pattie, the British Minister of State for Defence Procurement, yesterday called on the U.S. Congress to drop protectionist practices endangering European defence sales to the American market.

He found it disappointing that he had to devote time and effort to the issue when the alliance was faced with the much greater challenge of deploying a new generation of U.S. cruise and Pershing 2 missiles in Europe, he said in Washington.

Mr Pattie said that American restrictions on the transfer of technology to the Eastern bloc were beginning to affect joint programmes with the U.S.'s allies. He said that political pressures in Washington often made it difficult for European companies to take up contracts they had won in fair competition.

After the British company Marconi had taken over the ailing Cincinnati Electronics, its U.S. employees had been treated like foreigners, he complained.

He was encouraged, however, that about 55 British companies had so far succeeded in acquiring "approved bidder" status for contracts under the Trident missile programme.

OVERSEAS NEWS

Japan's industrial output almost at standstill

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPANS' industrial production index recorded its smallest year-to-year increase in 1982 since the immediate aftermath of the first oil crisis—when the index actually fell—the Government announced yesterday.

For 1982 as a whole, the index stood at 148.4, up 1.1 per cent on the 1981 level. In the last three months of 1982, industrial output was running slightly below year-ago levels.

he disappointing behaviour of the index throughout 1982 reflects the continuing decline of Japan's "basic materials" sector—the group of industries producing semi-finished products such as paper and pulp, petrochemicals and non-ferrous metals—combined with increasing stagnation in the formerly dynamic processing and assembly industries.

Japanese industries such as cars and electronics which had performed srikingly well in previous years did poorly in 1982, largely because of declining exports.

The Ministry of International Trade and Industry, which compiles the industrial production index, forecasts a 0.2 per cent decline in January, to be followed, it is hoped, by a 1.2 per cent rise in February—in both cases from the previous month's level.

Despite hopes of a February recovery the basic trend of industrial production is expected to remain weak.

The virtual lack of movement on the industrial production front contrasts with continued modest growth elsewhere in the Japanese economy. GNP growth for the 1982 fiscal year—ending on March 31—is expected to be close to 3 per cent.

One of the main reasons for the discrepancy between the performance of industry and that of the economy as a whole has been the beginnings of a recovery in spending by consumers.

Consumer spending tends to focus on services which are under-represented in the industrial production index.

Saudis tighten up on imports from Lebanon

Basic differences on security arrangements persisted yesterday at Lebanese-U.S.-Israeli talks on a withdrawal by Israeli forces from Lebanon, and Saudi Arabia tightened up on a range of imports from Lebanon, to prevent Israeli goods from reaching its markets, Nora Boustany reports.

"The decision taken by the Saudi authorities to ban the import of certain goods from Lebanon, including goods which only come through Beirut in transit, has caused concern in Lebanese economic circles," the Beirut Chamber of Commerce said.

Angola talks end

Delegations from South Africa and Angola have finished a second round of talks on ending an undeclared war on Angola's southern border, and officials said a new meeting would be arranged, Reuter reports from Lisbon.

Smith passport ban

Mr Ian Smith, the former, Rhodesian Prime Minister, has been refused a Zimbabwe passport to travel to South Africa for medical treatment, our Harare correspondent reports.

Indian businessmen fear fresh tax burdens

BY K. K. SHARMA IN NEW DELHI

Indian businessmen cross their fingers and hope that the Finance Minister will not add to their tax burdens when he presents his annual budget on February 28.

This year, the tension is so great that they are also keeping their fists clenched and their eyes closed, probably offering silent prayers as well.

India's corporate and personal taxes are among the highest in the world.

An additional fear this year is that the reverses to the political fortunes of Mrs Indira Gandhi, the Prime Minister, could mean further pressures for populist economic measures to improve her image and that of her battered Congress (I) Party.

So far, Mrs Gandhi has just tinkered with options open to her. There has been a minor cabinet reshuffle, civil servants have been told to improve their work, and new committees have been formed to study economic problems.

The drastic measures expected to improve the Government's political appeal are awaited. Some think that the annual budget could be the first.

The Indian economy needs to be revitalised after having gone through a periodic bad spell that follows a drought, since its mainstay, agricultural production, still depends heavily on monsoon rains.

THE INDIAN Government yesterday raised railway fares and freight charges steeply to yield additional revenues of Rs 4.9bn (£322m), a record for any year. Postal charges were increased to raise another Rs 700m (£46m).

Since the Government last week imposed higher petroleum prices to raise Rs 8bn, the indications are that the Government is on a major revenue resources drive in advance of the budget.

The downward plunge has coincided with Mrs Gandhi's state election reverses which must force her to formulate her strategy for the general election next year.

The economy can ill-afford populist measures because the key indicators are bleak. There has been a major setback in agriculture and food imports have been resumed after a fall in annual production.

Industry is sluggish with growth in 1982 unlikely to exceed 4 per cent while the balance of trade remains at the high level of Rs 55bn.

There is common agreement that the solution lies in higher production. The problem is that the Government faces a resources crunch, both externally and internally.

Investors welcome Hong Kong budget

By Robert Cottrell in Hong Kong

HONG KONG investors yesterday signalled their approval of Wednesday's budget by pushing the stock market's Hang Seng Index over the 1,000 mark for the first time since September last year.

Yesterday's upsurge took the index up 33.14 points to close the day at 1,030.95.

Stockbrokers had feared that corporate profits tax might be increased from its present level of 16.5 per

Instead, Mr John Bremridge, the Financial Secretary, said that smokers, drinkers, drivers and ratepayers would have to pay an extra HK$ 3bn (£295m) in indirect tax revenues to keep the budget deficit down to a projected HK$3.2bn for the fin-

An analysis of Mr Bremridge's deficit estimates suggests, however, that they should be viewed in the light of two complicating factors.

The first is the establishment in the 1982-83 budget of a Capital Works Reserve Fund, topped up by annual transfers out of the General Revenue Account (GRA) and drawn down to finance non-recurrent public works.

Revised estimates for 1982-83 now show a residual HK$1.6bn surplus left in the fund. Projections for 1983-84 envisage a net HK$1.3bn drawdown on that surplus over the coming financial year.

The fund serves, therefore, to reduce the estimated GRA deficit for 1982-83, and increase the projected GRA deficit for 1983-84, if the two accounts are netted off against one another.

The second factor is Tinshuiwai, the tract of New Territories land formerly owned by a consortium led by Peking's China Resources Company.

The Hong Kong Government announced in July last year that it would be developing a small new town on the site in a joint venture with the China Resources consortium while buying in the surplus land for HK$1.46bn.

That payment has not been charged against the Government's 1982-83 accounts.

In accounting terms, a HK$1.46bn loan stands on the "assets" side of the Government balance-sheet, offsetting a comparable deferred liability on the opposite side of the ledger.

Michael Thompson-Noel in Sydney looks at Labor's election policies

Hawke accused of budget 'binge'

IN MOST opinion polls, the Australian Labor Party (ALP) now commands an 8 to 10 per cent lead over the ruling Liberal-National Party coalition in the run-up to the March 5 general election.

In a bid to reduce Labor's lead, the Liberals have launched an all-out assault on the credibility of Mr Bob Hawke, the new Labor leader, and scoffed at the vagueness of Labor's policies.

However, Labor's broad policy approach is now apparent, and in many areas, particularly economic management, wages, and relations with the unions, is far more detailed than the government's. Main points include:

The economy:

Labor's campaign theme is "national recovery and reconstruction," based on enhanced capital works spending, some income tax cuts, and support for the private sector.

Simultaneously, Labor claims it would reduce inflation and cut unemployment. By its third year, it claims, real growth will have been restored to 5 per cent per annum, and 500,000 jobs created.

Its first step would be a national economic summit, followed by formation of an Economic Planning Advisory Council representing the States, business, unions, farmers and welfare organisations.

Public investment would be boosted, with higher government spending on roads, transport, housing, schools, health, power and communications. Housing starts would rise by about 18,000 initially, to a target total of 160,000 starts by year three.

Labour says that the total cost of its expansionary measures would be around A$2.75bn (£1.73bn) in its first full year. However, the net first-year impact on the budget, it claims, would be an estimated A$1.5bn (less than 1 per cent of gross domestic product), allowing for tax avoidance recoupments — at least A$750m in year one—and lower total spending on unemployment benefits.

These costings are bitterly contested by the Liberals. Mr John Howard, the Federal Treasurer, forecast this week an ALP "binge," and claimed the gross first-year addition to the budget would be A$4.1bn, not A$2.75bn.

The minimum 1982-83 budget deficit, under the Liberals, is already A$4bn, against the A$1.7bn forecast last August, with a minimum 1983-84 deficit of A$7bn already in prospect.

Labor claims increased borrowings to fund the deficit will be accomplished without raising interest rates and says its budgetary stance will be "supported by firm monetary policy (which will) prevent inflationary growth in the money supply but be adequate to enable faster economic growth."

It claims it will "maintain balance of payments equilibrium and exchange rate stability," with no change in the present system of determining the exchange rate and no devaluation of the dollar.

Prices and Incomes:

Labor's accord with the Australian Council of Trade Unions (ACTU), of which Mr Hawke is a former president, covers wages, non-wage incomes, taxes, prices, and industrial relations.

Mr Robert Hawke

There would be a "streamlined pricing surveillance authority"—but not price controls—and a return to centralised wage fixing.

Non-wage incomes include dividends, capital gains, rent, interest payments, directors' fees and professional salaries. Direct controls are not envisaged, but Labor says its policy means these incomes would not, in general, "move out of line with movements in wages and salaries."

Trade practices legislation would be strengthened to promote competition and help curb price rises through stronger regulation of mergers and tougher action against price agreements.

Labor promises immediate cuts in income tax for almost 6m Australians, partly by lifting the tax threshold to A$5,000. Small businesses will be allowed up to 100 per cent retention of profits to fund genuine business operations.

Labor promises tough new measures to curb tax avoidance.

Industry:

The ALP-ACTU accord says industrial development policy should be integrated with macro-economic policy to help attain the "paramount objective" of full employment.

There would be an Australian industry development bank, investment incentives, industry assistance, promotion of Australian ownership and control, "enhanced democratic decision-making," application of resources to downstream processing industries, more protection against imports, and development help for sunrise industries (particularly biotechnology.

The Australian steel industry —which virtually means the stricken steel division of Broken Hill Proprietary, the country's largest company — would be "preserved."

Trade protection levels would be maintained and anti-dumping procedures improved.

Minerals and energy:

Labor plans to maximise Australian ownership and control of resource projects and levy a resource rent tax on mining "super profits."

There would be a national energy commission, and an Australian hydrocarbon corporation (the latter with strategic and commercial objectives.

Labor remains totally opposed to establishing nuclear power plants in Australia, or joining in any other stages of the nuclear fuel cycle.

Liberals warn of Labor split over uranium

MY MICHAEL THOMPSON-NOEL IN SYDNEY

THE MUDDLE over the Australian Labor Party's stance on uranium mining and export was seized on yesterday by the Liberal Party to cast doubt on the future of uranium mining in Australia int he even of an ALP general election win on March 5.

On Wednesday, Mr Lionel Bowen, the ALP's Deputy Leader, said Labor was not against uranium development, but that Labor would apply stringent safeguards to the export of nuclear fuel.

Specifically, Labor's main concern, he said, was that Australian uranium did not end up in the hands of the French, unless the French Government stopped its nuclear weapons testing in the Pacific.

Mr Bowen's statement goes against current formal ALP policy which calls for a moratorium and eventual phase-out of all uranium mining in Australia.

Yesterday, Senator Sir John Carrick, Minister for National Development and Energy, said that under a Labor Government, there would be an inevitable dispute with the unions over uranium, which would threaten the ALP accord with the Australian Council of Trade Unions.

In the Northern Territory Mr Paul Everingham (the Chief Minister), said the giant Pancontinental mine at Jabiluka would not be allowed to proceed under Labor if Pancontinental went ahead with its tentative deal with the French. It has already signed a firm contract with British Electric Utilities.

Senator Carrick warned of "massive divisions" in Labor's ranks. "Mr Hawke—the ALP leader—can't dodge clarifying the ALP situation on uranium," Senator Carrick said.

In South Australia, the State Labor Government recently deferred a go-ahead for the Honeymoon uranium project. A decision not to grant a mining lease for Honeymoon would also cast a pall over the future of the much larger Beverley Mine—and of Olympic Dam, at Roxby Downs, the world's largest known uranium deposit.

The country's uranium exports last year were worth an estimated A$290m (£183m), but should grow far larger.

WORLD TRADE NEWS

India expected to invite Rs 2bn port contracts

BY JOHN ELLIOTT IN NEW DELHI

THE INDIAN Government is expected next week to name about 15 international civil engineering contrartors from Europe, the Far East and the U.S. who are to be invited to tender for the first stage of a £450m port development at Nava Shevo near Bombay.

The contractors have been chosen from 33 applicants ond will be expected to submit tbeir tenders by June so that work can start in October after the monsoon.

A final list is now being vetted by the World Bank, which is providing about half the finance. The contract will be worth about Rs 2bn (£120m) and is one of the largest civil engineering projects India bos ever put out to international tender.

It la already clear that the final list includes two British rontractors: Taylor Woodrow, wblcb has linked up with Hindustan Construction nf Calcutto and a consortium of Costaln and Paulings whicb will involve Afcons nf Bombay if it wins the contract.

From the Far East, tbe list will include Hyundai of Korea, which is believed to be especially keen to win work in India. A consortium of Japanese trading bouses and contractors will embrace Mitsubishi, Okara, Toya Harbour, and Penta Ocean. A seporate application involving Mitsui is not expected to be secepted.

Otber companies that will be invited to tender are thought to include: Impreglio of Italy; Interbeton of Holland, whicb bas linked up with Continental Construction of Delhi; Brown ond Root, from the U.S.; and a consortium of BCOM and SPPA of France. Hochties of Germany may also be in the list althougb anotber German company—Bilfinger—is a possibility.

Competition for tbe work is expected to be tougb because of the worldwide recession. Tbe 33 contracting groups that applied late last year tn be qualified aa tenderers have been judged on a points system according to their experience, financial status, organisation, and technical resources.

The Indian Government hoped to persuade them to submit *only nne application from each* country. But this waa impossible to organise in several countries, including the UK where Taylor Woodrow and tbe Costain-Paulmg consortium rejected suggestions from the British Government that they should combine.

The contractors do not stipulote that the tenderers must have an Indian partner. But the winner is olmost certain to orrange such a link-up in order to tap India's abundant sources nf cheap construction labour. The contract will involve 1,800 metres nf docks, 1m sq metres of rood and paved areos, ond abont 10m cu metrea of earth work.

Prospects for Yacyreta project improve

By Jimmy Burns in Buenos Aires

THE PROSPECT of an early decision on the future of the $10bn (£6.6bn) Yacyreta bydroelcetric project planned on tbe Argentine-Paraguayan border has improved considerobly over tbe last week. The start of the main civil works could now take pfaee by November, occording to Argentine Government officials.

This followa a breakthrough in a major haggle concerning the proposed participation in the construction of Yacyreta of European and local companies.

There has been no detailed official announcement. It is rettably understood that the Franco-Italian ronsortium Dumez-Imperlin agreed this week with a group of local companies to rednce slightly its participation in the main civil works and to increase substantially the Argentine and Paraguayon share

The proposal is now in the hands of tbe Ente Binacional Yocyreta, the Argentine Paraguayan entity set np to supervise the building of the project. Final acceptance of the $1.48bn bid led by Dumez-Impreglio must also await consideration by the World Bank and the Inter-American Development Bank

INDONESIA-SINGAPORE OIL TRADE

Barter deal sets precedent

BY RICHARD COWPER IN JAKARTA

INDONESIA'S MOVE this week to use bartering in oil as a means of continuing major trade deals with neighbouring Singapore represents a sharp widening of the south east Asian nation'a controversial counter trade policy.

The Government's barter scheme, introduced 14 months ago, was originally intended to link imports of capital goods to exports of a wide range of products—excluding oil. This has required foreign partners in investment deala to buy Indonesian commodities to the v..lue of their individual contracts.

Pertamina, the state-owned oil concern, announced Tuesday it would seek to limit imports of refined oil products from Singapore by requiring future contracts to be negotiated on a barter instead of a cash basis.

To date Indonesia's barter, or couoterpurchase policy, has bceo unsuccessful. Despite the Government's hope that the scheme would boost the country's export earnings by $2bn (£1.3bn) a year, since it came ioto force, only $346m worth of government purchases have been completed uoder counter purchase terms.

To date foreign contrartors b..ve only been able to export Indonesian goods valued at about $60m, less than 20 per cent of their obligotions.

Under the new counterpurcbase provisions Singapore-based oil companies offering fuel oils to Indooesia will be required to buy an equivalent value nf low sulphur waxey residue (LSWR) from Pertamina. For some time Indonesia has had problems with marketiog this producı which many traders say has been vostiy overpriced in a falling market.

● Pertamina waa given a vote of confidence yesterday by one of its major foreign clients in the face of mouoting controversy over the oil company's alleged difficulties in meeting about $250m worth of unpaid bills for oil refinery expansions.

A senior official of the Bcehtel Corporation of the U.S., believed to be owed about $100m by Pertamina for work completed on a 200,000 b/d expansion to a refinery in East Kalimantan, said in Jakarta yesterday he bad "no doubts that Pertamina would ond could pay its bills."

Italy and Algeria agree on gas supply

BY JAMES BUXTON IN ROME

ITALY and Algeria oppear to hove resolved their outstanding differences over the issue of gas supplies vio the trans-mediterranean pipeline. ENI and Sonatrach, the Italian and Algerion state energy companies, initialled a technical ogreement in Algiers yesterday, and formal signing is expected to take ploce March 16.

Italy is to take 12bn cu metres of gas a year from 1986 from the pipeline, completed in 1980. Last September Italy agreed to pay Algeria a price ronsidered to be at least 40 cents per million British Thermal Units of gas over the ecooomic value of the gas. The Italian Goveroment agreed last weekend on o method of compensating ENI for the "political" *premium it* must pay on the gas.

According to Sig Nicola Capria, the Italian Foreign Trade Minister, Italy has secured greater "flexibility" from Algeria on the amount of gas it must take each quarter over the 1983-85 period, although the maximum nf 20.3bn cu metres over tbe period still stands. Supplies ore on a take-or-pay basis and Italy is uncertain how much gas it can absorb.

Algeria also ogreed to reconsider the formula on which the gas price is based in January 1986, taking into account world energy prices ot the time.

Philippines steel plant talks down to 'final details'

BY EMILIA TAGAZA IN MANILA

A MULTI-MILLION pound deal for British and other foreign corporations ıo set up an $800m (£525m) steel complex in the Philippines appeared closer to signing yesterday with an onnouncement that contract details could be finalised in two weeks.

Mr Roberto Ongpin, the Philippines Trade and Industry Minister, told a news conference that representatives of Davy McKee of the UK and Voest Alpine of Austria and a ronsortium of Japanese and European companies were in Manila to finolise "certain details."

Mr Ongpin confirmed that letters of intent had been owarded to a consortium of Marubeni, Kawasaki, Kobe Steel, Mitsubishi Heavy Industries, Krupp and Ube Industries, for tbe first phose of the complex, an iron-making plant. Letters of intent also had been awarded to Davy McKee and Voest, for o second pboac.

The Philippine Government, however, expressed concern obout the rontract's protection clauses, specially the performance and "force majeure" clauses and about the cost-escalation formula to be used.

Mr Ongpin said that if the parties fall to agree on the protection clauses, the Goveroment will reopen negotiations with the otber original bidders — the group of Lurgi of West Germany for the icon making plant, and the Japaoese consortium of Hitachi Zosen, Nippon Kokan and Marubeni for the steel plant.

The Philippine Government and the foreign companies have so far agreed on the following provisions:

● Total project cost, including construction and interest costs, will be financed by the contractors;
● Export credits will have a maturity of 12 years with a grace period of five years;
● The Philippine Goveroment will not pay anything for the peojecı during the first five yeors of construction;
● The yen loan which the Japanese interests helped arrange will carry an interest rate of 8.7 per cent;
● The sterling loan which Davy McKee helped arrange has o fixed interest of 10 per cent.

Mr Ongpin also said that the UK Government hos committed o financial grant of £25m as part of the financial package.

On the third phase of the romplex, which consists of a steel rolling plont, Mr Ongpin sald negotiations are going on wilh Bethlehem Steel of the U.S. which has offered a used rolling mill for $60m.

AIRBUS CAMPAIGN TAKES WING

Roadshow in Japan

BY JUREK MARTIN IN TOKYO

M BERNARD LATHIERE, president of Airbus Industrie, yesterday stepped up the European consortium's vigorous campaign to try to persuade Japanese airlines to buy its A-300 and A-310 passenger aircraft.

He was received by none nther than the Japanese Prime Minister, Mr Yasubiro Nakasone, at a meeting arranged by Mr Sholchiro Honda, legendary founder of the Japanese car and motor cycle company.

Mr Honda reported afterwards that M Lathiere has asked the Prime Minister for cooperation in the Airbus sales campaign, but he did not divulge the Prime Minister's response.

Airbus has already sold nine A-300s tn TDA, the domestic airline, ond its principal hopes now are centred on Japan Air Lines (JAL). The third Japanese carrier, All Nippon Airways, recently committed itself to buying as many as 40 Boeing 767s.

JAL is due to decide loter this spring, possibly in April, what to purchase to replace its ageing fleet of McDonnell Douglas DC-8 airliners, which are now being phased out of service.

Currently JAL, which will nrder about 10 new airliners, is looking ot five candidates—the Boeing 757 and 767, the Airbus A-300 and A-310, and the MD-100, a version of the McDonnell Douglos DC-10.

Its needs, according to o company spokesman, are for a medium capacity (200-seat) aircraft capable of meeting both its long and short haul requirements.

JAL's final decision is, of course, alreody o hot international political issue. Last month, on his tour of Europe, Mr Shintaro Abe, the Foreign Minister, was importuned by both Mrs Thatcber, the Britisb Prime Minister, ond President Mitterrand of Fronce on bebalf nf the Airbus.

The Foreign Ministry would, in fact, probably favour the Airbus over its American competitors: Mr Abe himself is understood to have told JAL's management that he hopes it will take trade imbalances into account.

But the Ministry of Trade and Industry (MITI), which carries much more clout in commercial decisions than the Foreign Ministry, seems more likely to come down on Boeing's side. A prime reason is that Japanese industry is approximately o 15 per cent participant in the 767 project, a step along MITI's path of eventually promnting an effective Japanese commercial aviation indusıry.

Another institutional factor in the U.S. favour is that the Government's Japan Development Bank has let it be known that it is prepared to offer finance to Joponese purchasers of Americon aircraft—a facility not yet availoble to aircraft produced outside the U.S.

For the record, the Jopanese Government'a officiol position is that the decision must rest with JAL. With the trial of former Prime Minister Kakuei Tanaka in the Lockheed bribery case on everybody's mind, it would, to put it mildly, be impolitic for any politician, especially o Cabinet Minister, to be seen to be influencing the JAL board.

Grim warning on EEC information technology

BY WALTER ELLIS IN AMSTERDAM

SO LONG as trade barriers are maintained within the EEC, Europe cannot hope to catch up with the U.S. and Japan in information technology. And without parity in this vital field, the Community will have lost its fight for competitiveness before the struggle has properly begun.

This grim view of Europe's prospects on computers was given yesterday by Mr Frans Andriessen, the European Commissioner for competition policy. Speaking at the opening in Zeist, near Utrecht, of a sophisticated new computer centre for Rabobank, one of the Netherlands' two largest banks, Mr Andriessen said that an agreed Community policy on the information market was an urgent necessity.

The U.S. and Japan were large and cohesive markets, while the European market remained in many ways fragmented. Industry in Europe represented no less than a third of the world market for information technology, yet only 10 per cent of the world market was served by European manufacturers.

In America between 1972 and 1979, the number of computer terminals had increased from half a million to more than 2m. In Europe during the same period, the increase had only been from 100,000 to 400,000. Per 1,000 of the working population, the U.S. in 1979 had six times more computer terminals than Europe.

Mr Andriessen called for the setting up of a framework in which an EEC policy on information technology could be shaped. It was important for Community trade as a whole and for each of the member-states. Only with o joint strategy and o unified approach could the benefits of scale be enjoyed within Europe.

Rabobank's new computer centre was built at a cost of Fl 120m ($45m) and will handle two-thirds of group accounting. The remaining one third will continue to be processed by an existing centre in Eindhoven.

International Property and Building Review

Every Friday, the Financial Times publishes a detailed review of the activities in the UK and international property markets.
Specialist FT writers look at the background tn the week's headline making news, profile leading personalities and examine trends in the property development market.

UK NEWS

Freeports now likely in the autumn

By Anthony Moreton, Regional Affairs Editor

THE UK Governmeot is likely to remove legal obstacles to the setting up nf freeports through a clause in its Finance Bill after the March 15 budget.

This means a small number, probably only two or three, could be set up in the autumn.

The Government's own inquiry into freeports is expected to be published next week. Last night it was with Sir Geoffrey Howe, Chancellor of the Exchequer.

The report is likely to back the Customs and Excise view that there is little to be gained from freeports in Britain, as most of the claimed advantages for such areas are already available, but the inquiry is thought to have recommended the approval of a cautious experiment.

This would follow the precedent set in 1980 when the Chancellor of the Exchequer launched a few experimental enterprise zones and announced an extension of the scheme two years later.

Ministers have been pressed by MPs and local authorities since the freeports inquiry was set up under Mr Jock Bruce-Gardyne, Econnmic Secretary to the Treasury, just before Christmas.

They have been urged that freeports should get the go-ahead and that particular sites should be designated.

This pressure has centered on Scotland following the Scottish Committee's recommendation in December that there should be a freeport at Prestwick airport as the first of three in that country.

There is, however, no likelihood of sites being named in the report nr of the Chancellnr nf the Exchequer announcing names before the Finance Bill becomes law in July.

Freeports are areas treated as being outside the Customs frontier of the country in which they are situated. Goods enter duty-free, are made up and then exported duty free.

Companies operating within them pay reduced taxes and the hope is that they generate employmeot quickly. They are rigorously controlled by Customs and Excise and are surrounded by a high security fence.

Thatcher considers law on essential services

BY IVOR OWEN AND PETER RIDDELL

IN THE wake of the water workers strike, the Government is examiniog a proposal to make the maintenance of essential service a statutory duty, Mrs Margaret Thatcher, the Prime Minister, revealed in the House of Commons yesterday.

She spoke of the possibility of legislation nn the issue when condemning the strikers fnr imposing hardship on young and nld alike.

Mrs Thatcher clashed angrily with Mr Michael Foot, the oppositinn Labour Party Leader and in the course of noisy exchanges described him as "the striker's friend".

To cheers from the Labour benches, Mr Foot told the Prime Minister that he had not condemned the strikers because "I think they have a right to justice even under this Government".

Mrs Tatcher retorted: "Do not the consumers, pensioners and families have the right to justice?"

She maintained that the strikers had hroken an agreement requiring them to accept binding arbitratinn in the event of failure to achieve an amicable settlement with the employers. They had also broken an agreement on the role of the mediator who had been appointed by the advisory, conciliation and Arbitration Service (Acas).

Amid Conservative cheers, the Prime Minister deplored the fact that the strikers had been prepared for their own personal advantage to attempt to withhnld essential commodities and services.

Mr Foot maintained that if the Prime Minister wanted to avoid such strikes she should stop listening to Mr Nnrman Tebbit, the Secretary, whose advice had resulted in the number of working days lost through industrial disputes under the present Government being 40 per cent higher than under the last Labour Government.

The Cabinet yesterday discussed the withdrawal of legal immunities from strikers if they did not follow procedure agreements. There is no time fnr legislation in the current parliament and any proposals will appear in the Conservatives' election manifesto.

The Prime Minister is clearly annoyed at both the level of the water settlement and about its possible impact.

Mr Tebbit, in evidence to a Commons committee 10 days ago, hinted that legislation was being considered to ban strikes in essential services.

Senior ministers appear divided about such action. There is widespread opposition to the idea of no strike clauses, because of their alleged impracticality and the high cost of obtaining their inclusion in pay deals.

The more likely option is the removal of legal immunities for breaking contracts from those who do not follow procedure agreements. This would cover the failure to nbserve binding arbitration in the water dispute. But there is no agreement among ministers abont such a proposal.

Minister warned over vehicle tariffs

Financial Times Reporter

SPAIN was formally warned yesterday about Britain's "considerable concern" over the inequitable balance of trade in cars between the two countries.

Mr Douglas Hurd, Foreign Office Minister, met Sr Don Manuel Marin Gonzalez, the Spanish Minister for EEC Affairs, nnly a day after MPs increased pressure in the House nf Commons' for action to force Spain to drop its high tariff barriers against British car exports.

BL, the state-owned British maker, says its cars reach Spanish buyers via a 36.7 per cent tariff which swells to 60 per cent when local taxes are added. By contrast, Spanish cars imported to Britain are subject to only a 4.4 per cent duty.

Sr Marin told the British Minister that his concern would be passed on to the Spanish Commerce Department which is involved in negotiating trade agreements in Brussels.

Pym questions EEC political development

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

MR FRANCIS PYM, the British Fnreign Secretary, yesterday said that Britain was distrustful nf "grandiose blueprints for the political development nf Europe" but urged a mnre radical approach to the problems of the EEC.

Speaking in London to the European Luncheon Club, he set out clearly Britain's resistance to current suggestions of building up the political side of the European Community. Steps in this direction have been proposed by Herr Hans Dietrich Genscher and Sig Emilio Colombo, the West German and Italian foreign ministers. These envisage a "European Act" formally drawing together the European Parliament, the European Council nf heads of government, and the Treaty of Rome.

But, speaking just before Sig Colombo arrived in London as part of an Italian team for the regular Anglo-Italian summit today, Mr Pym insisted on the need to "ensure the right foundations" for the EEC.

Mr Pym's speech appeared designed to combat suggestions that Britain has been focusing too narrowly on its EEC budget contribution and reform of the Common Agricultural Policy.

He said Britain was trying to accelerate development of an EEC transport policy and emphasised the ideas tabled by Britain about an integrated Community coal strategy.

Britain was also attempting to fulfil the EEC commitment over the next five years to provide vocational training or work experience to all young people entering the labour market.

After stressing the achievements of the EEC in resisting protectionism he cited Lloyds Bank figures that Britain's GNP had made a net gain of £12bn over the decade of membership compared to what could have been expected if Britain had not joined.

Airship company wins U.S. contract

By Lynton McLain

AIRSHIP Industries has been awarded a $500,000 contract from the U.S. Government for one of the company's airships. It is to be tested by the U.S. Navy in maritime surveillance and patrol roles. The British Royal Navy will evaluate the results of the trials.

The company announced this yesterday ahead of the expected launch of its one for two shares rights issue on Monday, which is designed to raise £5.5m.

The rights issue is linked with the application by Airship Industries to joint the Unlisted Securities Market. The prospectus will be issued on Monday when Hambros and Orion, the lead underwriters, will introduce the shares.

The £5.5m is needed to fund the rest of the company's programme to gain the Civil Aviation Authority's fullairworthiness certificate for its airship. Its only existing airship, the Skyship 500 based at the Royal Aircraft Establishment at Cardington, Bedfordshire, has a "special category" certificate of airworthiness, which allows only limited operations and testing.

The extra finance is also wanted to fund the company's forecast production programme. This includes completing the construction in Canada of the second production Skyship 500, for lease to the U.S. Naval Air Systems Command, the U.S. Naval Air Development Center and the U.S. Coastguard, under the terms of the $500,000 contract for eight months of trials and evaluation.

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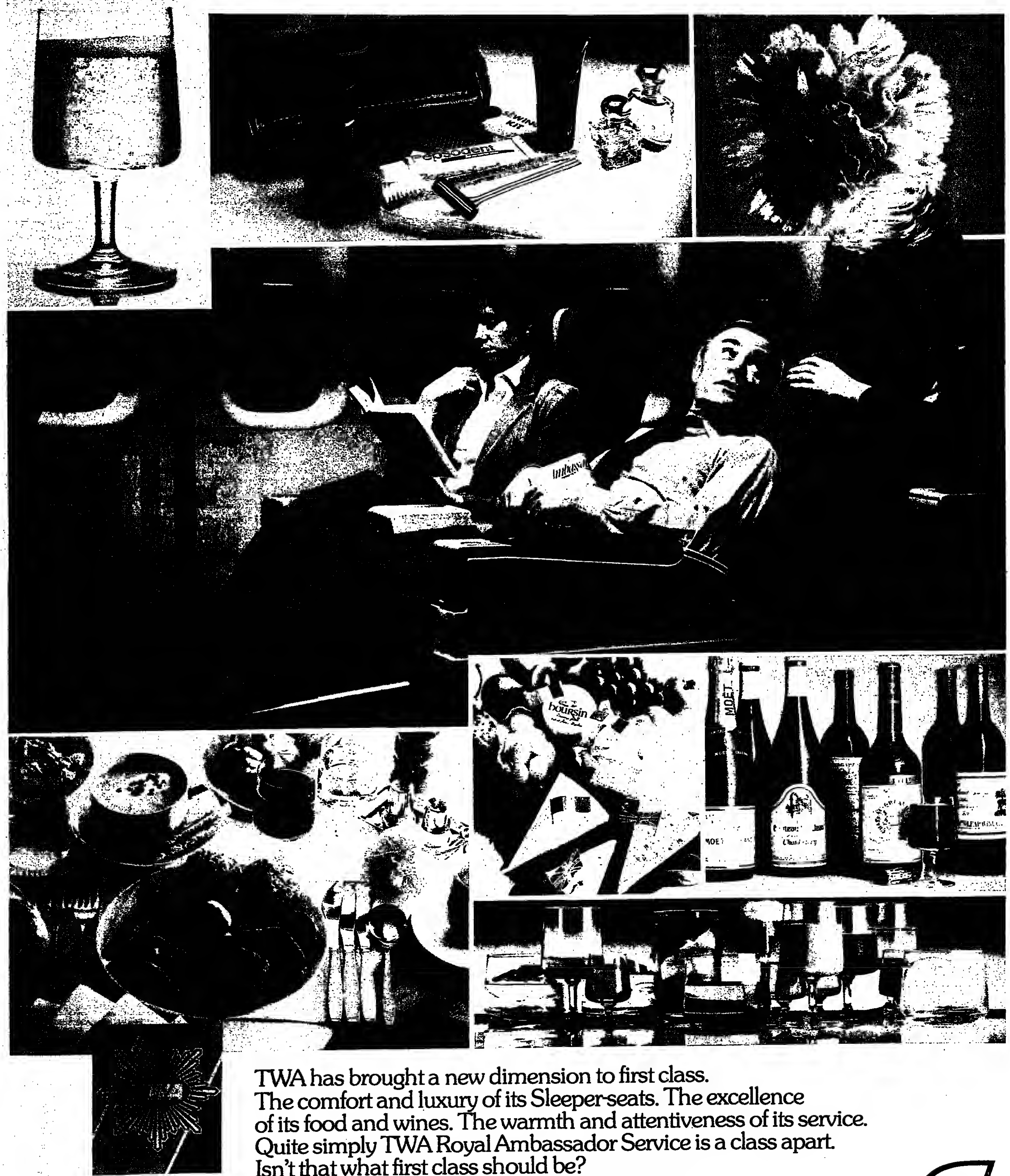

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Power cuts plan in return for lower tariffs

BY GEOFFREY CHARLISH

THE ELECTRICITY Council is considering schemes by which supplies to consumers can be interrupted on an agreed basis at peak demand periods in exchange for reduced tariffs.

A similar arrangement was initiated some years ago by British Gas with its large industrial customers. The electricity schemes, however, would involve the domestic consumer.

One of the schemes, called Radio Teleswitch, makes use of control signals transmitted inaudibly along with BBC Radio Four long wave programmes.

The idea is to avoid switching additional generators into the national grid at peak demand times because these are usually more costly to run than the big machines used for most of the day.

Consumers would not lose their whole supply. Instead, items such as immersion heaters and space heaters would be selectively switched off for perhaps 15 minutes, so thet the effect would probably not be noticed. In return, the aree electricity boards would offer a lower tariff during periods subject to supply interruption.

Special radio receivers for installation in the meter cupboard are being made by GEC Measurements and Sangamo Schlumberger and 3,000 of these will be deployed by the end of this year, allowing public reaction to the idea to be judged.

Radio Teleswitch is only one of three systems presently under consideration.

Another system, called Mainsborne and developed by Thorn-EMI, uses the mains cabling itself to send control signals. It is the subject of a trial at Milton Keynes Buckinghamshire, (where the first house was equipped this week) and London.

Since the cable allows two-way communication, meters can be read remotely by the area boards and customers could even pay their bills "over the wire."

The other approach, called CALMS (credit and load management system), will also allow data to go from consumer to supplier and originates in the South Eastern Electricity Board. In this case, the household telephone line is used for communication.

Miners in vote on strike over pit closures

By Robin Reeves

THE RESULTS of the South Wales miners' ballot on an all-out strike against pit closures from next Monday will be officially unveiled this morning. If the vote is in favour of strike action, Welsh miners are likely to appeal to the National Union of mineworkers (NUM) to spread the stoppage to other coal fields.

As the final votes of the coal field's 23,500 miners were being counted yesterday afternoon, the four-day closure underground sit-in protest by miners at the Lewis Merthyr colliery, which faces came to an end.

But another colliery joined the eight pits on strike in sympathy with the Lewis Merthyr protest, bringing the total number of Welsh miners who have already stopped work to more than 5,000.

The Lewis Merthyr men returned to the surface to loud applause from miners at the colliery. The coal board describes mining conditions in the 100-year-old colliery as "hopeless," but the NUM says it hopes the ballot results will show that the protest has been worthwhile.

Radiation 'unlikely cause' of leukaemia at nuclear plant

BY A SPECIAL CORRESPONDENT

DR JOHN BONNELL, chief medical adviser to the Central Electricity Generating Board (CEGB), said yesterday it was unlikely that leukaemia among staff who had worked at the Sizewell A nuclear power plant in Suffolk was the result of radiation exposure.

He was giving evidence to the public inquiry into the proposed Sizewell B station, which, if approved, would be Britain's first pressurised water reactor (PWR).

Dr Bonnell said four cases of leukaemia had occurred et the A station, three of which had resulted in death. The occupational doses of radiation received by the four individuals was very low. The collective dose at the statioo over the years it had been operating was among the lowest of the CEGB's nuclear power plants.

If the two leukaemia deaths up to the end of 1982 were radiation induced, he said, and if it were assumed e similar dose would have the same effect on other staff, then 37 deaths would have occurred at CEGB nuclear plants over the same period. In fact, there had only been one other leukaemia death elsewhere.

The expected number of leukaemia deaths, based on national averages, the number of years the board had operated ouclear plants and the age distribution of the workforce, would have been about three.

Dr Bonnell said the analysis did not include leukaemia incidence among ex-workers. But the board was participating in a national registry of radiation workers which was tracing workers who had ceased to be classified as receiving a radiation dose. This study would not be completed until the end of this year at the earliest.

The CEGB did not expect that the incidence of leukaemia in the ex-worker population would be any different.

In the meantime, he said, the board could say that in-service data gave on evidence of an elevated leukaemia death rate among its radiation workers.

Dr Bonnell stated that, even if the death last month of an ex-Sizewell A worker had occurred while he was still employed, it would not alter the conclusion.

He added that radiation doses received by workers at CEGB nuclear plants were well below the limit recommended by the International Commission on Radiological Protection.

ALARM AT JOB LOSSES AND LACK OF DEMAND

Foundries fear future

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MR TERRY DAVIES is chairman of Birmid Qualcast foundries' division, one of the biggest iron foundry operations in Western Europe. He has cut its labour force from 12,000 to 4,000 in little more than five years.

"We are not now talking about the 8,000 Birmid Qualcast workers who have gone," be said, with e note of anger in his voice. "Our concern is where we go from here – what happens to the 4,000 workers who still remain?"

Mr Davies is one of the leading figures behind the Association of Major Castings Manufacturers, launched this week to sound the alarm to both customers and the Government about the unabated decline of the foundry industry.

From his headquarters et Smethwick in the West Midlands, it is possible to see acres of derelict land once occupied by foundries. "We have done everything that was required," be said. "We have boosted productivity. We are internationally competitive. What more can we do?"

His feelings are shared by many West Midlands industries that their sectors have done all that the Government has asked of them, but are still handicapped by lack of demand.

The Association of Major Castings Manufacturers has grown out of informal talks about the state of their motor industry customers. All the big names are members: Midland Industries Brockhouse, Duport, Castings, Triplex and Butler Foundries.

Ferrous Foundry Production (m Tonnes)

	1963	1982
UK	3.7	1.5
France	2.1	2.1
West Germany	3.5	3.4
U.S.	12.2	11.2
Japan	2.7	5.9

Source: Council for Iron Foundry Associations

They claim to account for 85 per cent of the independent castings going to the automotive sector and fear that, on present trends, their sector could be swept away with a few years.

The rapid decline of the industry has already set alarm bells ringing within the West Midlands county council. The county, with its heavy concentration of manufacturing, has been hardest hit by the upsurge in unemployment.

Research by the county's economic development unit, set up to regenerate industry, suggests foundries are second only to the motor vehicles industry and account for nearly 9 per cent of manufacturing employment. The unit has warned that up to 15,000 jobs could go over the next 18 months.

The gravity of job losses is the more acute in the West Midlands because particular districts are dependent upon the foundries: Smethwick, already troubled by chronic unemployment, has about one in three manufacturing jobs concentrated upon foundries.

On historical trends the foundry industry suffers more than its customers – and they have taken a battering. Nowhere is the picture more clear than in the automotive sector. UK production of cars has slumped from 1.6m in 1963 – hitting a peak of 1.74m in 1971 – to fewer than 888,000 last year.

The fall in commercial vehicle output over the same period has been from 403,000 to 269,000, with the peak of 408,000 being reached as recently as 1979. Tractor output has fallen in the last two decades from more than 229,000 units to only 94,000.

The great irony for the foundry companies is that the previous Labour Government introduced aid schemes which encouraged some £360m investment. But just as the new capacity was coming on stream, markets started to fall away.

Now, the big companies are being undercut not only by small-scale domestic foundries but also by imports. The big complaint is against Spain with its emergent motor assembly industry, where import duties are anything from 33 to 38 per cent.

By contrast, Spanish castings face a duty of about 4 per cent to come into the UK.

Britain unable to impose conditions on Argentine loan

BY IVOR OWEN

BRITAIN could not impose conditions on new loan facilities being arranged for Argentina which would prevent its buying armaments, Sir Geoffrey Howe, the Chancellor of the Exchequer, told the House of Commons yesterday.

His defence of the involvement of British banks in the provision of loans for the Argentine junta, while it continues to refuse to declare a formal end to hostilities against British forces in the South Atlantic, was ridiculed by Opposition MPs and caused some unease among Government supporters.

Sir Geoffrey Howe

Mr John Wilkinson (Conservative), criticised the "bland" explanation offered by the Chancellor. He insisted that it was unsatisfactory that British banks should be engaged in negotiations with a government which had not renounced the use of force as a way of resolving the dispute over the Falkland Islands.

Sir Geoffrey stressed that British banks had very substantial and long-standing financial interests in Argentina. Loans amounting to about $2.2bn had been approved by the International Monetary Fund (IMF) in support of an economic stabilisation programme, to be undertaken by the Argentine Government.

International banks, including British banks, had signed a short-term bridging facility for $1.1bn at the end of last year and were still negotiating a $1.5bn medium-term loan.

Mr Peter Shore, Labour's shadow Chancellor, called on Sir Geoffrey to explain why he had allowed the British member of the executive board of the IMF to agree to a further loan to Argentina, when it was known that the junta was spending excessive amounts on military hardware.

Sir Geoffrey replied that the reality of the position was that Argentina would be able to buy arms for as long as she was able to continue to achieve a surplus on her trading account.

But her capacity to buy arms would be significantly reduced by putting the IMF programme into place. Its implementation would require substantial adjustments to the Argentine economy.

Monopolies inquiry on book clubs

By David Churchill

A MONOPOLY inquiry into the way in which the major book clubs exclusively tie-up the publishing rights to best-selling books for several years is expected to be launched shortly by the Office of Fair Trading (OFT).

The OFT has written to the major book clubs and other interested organisations – such as the Publishers Association and the Society of Authors – informing them of the proposed investigation. The clubs have been given until today to raise any objections.

If these objections to do not change the OFT's view, then the issue is likely to be referred to the Monopolies and Mergers Commission next month for a full-scale monopoly investigation.

According to the OFT's letter – which has not been published – it is concerned that the exclusive tie-up of rights to books by the big clubs "may act to the detriment of other, smaller book clubs and may also provide a barrier to entry in the market by new clubs."

The letter coninues: "The acquisition of exclusive rights to the more popular or important titles is likely to limit the number of good or attractive titles remaining available for inclusion in the portfolios of other book clubs."

The OFT's letter also emphasises that the proposed investigation is limited to "the book club segment of the total book publishing and retailing market."

Dealerships to be cut by Rolls

By John Griffiths

ROLLS-ROYCE MOTORS is cutting its UK dealer network by 20 per cent as the first stage of a worldwide review of its 250 outlets in 45 countries.

The company said yesterday it was reducing UK distributors from 71 to 37, plus 20 service outlets, for "geographical" reasons. It denied the move might be linked to last year's steep slide in sales, especially in the UK, where they dropped by 34 per cent, from 1,218 to 805.

Last year Rolls-Royce predicted the U.S. would become its largest single market. This happened but U.S. sales still fell by 20 per cent, from 1,216 to 971, and only a boost from lower interest rates prevented the drop from being steeper.

Rolls-Royce said, however, that the review is likely to lead to the network being expanded in some countries. The U.S. is one likely area. Mr George Fenn, Rolls-Royce's chief executive, has previously said: "All that stands between us and more sales in North America is more dealers."

The company has about 70 distributors and servicing outlets in North and South America, about 40 in Europe, 28 in Asia and Australia, 30 in Japan and 10 in the Middle East.

Last year's total sales were 2,387 and production fell by 22 per cent. Rolls-Royce is aiming for 2,400-2,500 this year, with a planned increase in the export share from 60 to 70 per cent.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The deaf ear that imperils corporate understanding

UK employers are slow at sounding out employees' attitudes on their working environment. Arnold Kransdorff reports

LIFE will never be the sama again for one of Britain's medium-sized specialist construction groups — thanks to an employee ettitude survey.

Last year the compsny's chairman, who does not want to be identified, became increasingly puzzled ebout the fact that his managers seemed reluctant to accept increased responsibility.

He, like most captains of industry for whom ambition had been an all-consuming passion, thought that peomntion was a basic tenet of corporate life. Quite apart from the fact that his managers were contradicting one of his articles of faith, their unwillingness to accept bigh office was not helping him expand the business.

Todey he is in the process of organising a fundamental restrueturing of tha compeny to take eccount of their lack of ambition. Although other factors were clearly involved — the recession for ona — an important element in the decision tn make ehanges was the result of an employee attitude survey aimed at finding out what made his workforce tick.

The survey, according to Richard Alston of Inbucon, the management consultant who carried lt out, revealed that not all managers wanted to compete for top jobs.

"It became very clear that the majority of managers were aware of their personal limitations and didn't want to feel constantly threatened by the organisational assumption that they should always be striving for the next post," he said. "It also revealed that there was a small number of managers who were prepared to take the bit between their teeth when encouraged."

Largely as a result of this intelligence, the company is changing its corporate structure from a divisional operation — highly centralised — into smaller peofit centres. "This allows the managers to settle in positions in which they are more comfortable and therefore more effective," be added.

The construction company's restructuring is just one example —albeit a radical one — of the outcome of an employee attitude survey.

Such surveys have been used in British industry as far back as the mid-1930s hot have never been a popular management tool, as they are in the U.S. Most of the work in the UK is done by freelance academics, followed by independent research agencies, usually a division of a management consultancy; a few companies like IBM have their own in-house departments.

In the UK these surveys are often viewed somewbere between scepticism and disdain by employers and with suspicion by employees, who feel that there must be some devious motive behind management's intentions. The companies which specialise in conducting employee surveys stress that this attitude ean nsually be changed if the exercise is conducted "sentitively —by explaining what the objectives are and undertaking to feed beck the information."

According to a survey* by Urwick, Orr and Partners, management consultants, only 17 per cent of a sample of more than 400 large British companies have ever used employee attitude surveys.

By contrast U.S. companies are more positive. A recent survey by the Conference Board, a non peofit-making research institution with offices in the U.S., Canada and Europe, showed that 48 per cent of a sample of more than 500 large American companies used attitude surveys; more than a fifth used them regularly.

Although employee attitude surveys can take various forms, in the UK they are frequently used to gange the effectiveness of employee communications. This emphasis has been evident since legislation was enacted in the latter half of the 1970s to encourage companies to disclose more information to their employees and with the recent preoccupation of the EEC with increasing worker participation.

Typically, a company would ask its employees what they thought of its in-house newspaper or the simplified employee report accompanying the annual report and accounts. British Petroleum has recently carried out attitude surveys on two of the company's four main house journals "to see whether they are doing the job they're supposed to"; so has Rolls-Royce, which wanted to find out what its workers thought of it as a communicator.

Usually their reactions to publications lead to changes in layout and/or editorial emphasis— "all geared to improving the receptivity of downward communications," says BP.

While this somewhat unspectacular application probably downgrades attitude surveys in the eyes of many less professional managers, the reasons why British industry has never warmed to them are fundamental to the UK's industrial malaise — at least according to many of the companies which specialise in the field.

Mike Arnott, joint managing director of the public relations group *Charles Barker-Lyons*, which has conducted employee attitude surveys for companies like British Telecom, the Bank of England, Rowntree Mackintosh, Honeywell and Lucas, believes that British managers generally show a deliberate disinterest in the views of their employees.

"In the first place most companies don't want to know the truth. It scares them, so they voluntarily don't court it," be says.

"Secondly, they believe — peobably rightly — that attitude surveys raise employee expectations, which makes it imperative for the results to be carried through. Companies are often reluctant to do this because it takes up a lot of management time."

Arnott also believes that British managers are "just plain sceptical about their value."

Dr David Frankel of Hay Management Consultants, broadly agrees. His company is one of the larger specialists in the field in both the U.S. and the UK.

Explaining the different attitudes of U.S. and British companies to employee surveys, be says: "Americans feel more comfortable about giving information. They feel that if you give information, you have a right to get it back."

Indeed, the American Psychological Association bas laid down that a requirement of attitude surveys is that the information must be mede available — and all researchers have to belong to the APA.

"In the UK anyone can do an employee attitude survey — you don't have to belong to any particular body," saya Frankel.

He also points out that questionnaire responses are generally much higher in the U.S. "In the UK companies usually don't allow their employees to fill out questionnaires at work. By having to do them et home, many employees just toss them away."

Employee attitude surveys are also a small hut growing business for Market and Opinion Research International, which last year earned fees of around £250,000 from 14 separate projects.

Both Mori and Hay bave been in the business for about 15 years in the UK and between them have worked for little more than 300 different clients, an indication of how few British companies get involved in employee attitude research.

Boh Worcester, Mori's managing director, believes that most British companies "are flying hlind."

"No employer would dispute that the efficient deployment of any expensive resource is essential to the corporate well-being, yet very few know, other than by intuitive hunch, the morale of their workforce and their primary grievances and dissatisfections. Few can state with any certainty how effective their internal communications are."

Among Mori's projects have been an investigation into employee views of a proposed new production line at Pedigree Petfoods, a look at the impact of incentive schemes on the performance of salesman and service engineers at Rank Xerox and a study for the German-owned BASF group into the effect of foreign ownership on British employees' attitudes.

Mori was also the author of a far-reaching study into staff attitudes at Barclays Bank in 1974 — the largest attitude survey that has ever been done in the UK. It covered more than 46,000 employees after an uncomfortable period of national pay restraint and the three-day week.

As a result of the survey, action was taken in a number of crucial areas affecting staff morale.

In response to concern about pay, for example, Barclays improved certain fringe benefits. Elsewhere, many employees were unsure of their individual career development; Barclays immediately brought in a system which allowed people to discuss their assessment reports and career prospects.

One of Mori'a more recent large studies bas been for Thomson Holidevs, where more than 1,100 emplovees were polled. Mori was able to make comparisons with responses to similer qnestions in other client survevs — thanks to a data bank of ioformation that has been built up over the years.

In Thomson's case Mori waa able to tell its client that lt waa an above-average communicator —but only downwards. Nearly three-quarters of Thomson'a employees thought they were fully or fairly well informed, against an average of 52 per cent in previous client surveys.

However, Thomson did not seem to be as good at receiving information as giving it. A third of the workforce said thev were afraid to speak their mind.

Roger Davies, Thomson Travel's managing director, seys that the company is now working hard at getting as much feedback as possible from quarterly briefings for senior managers and all-employee monthly briefings.

Communications — in its fullest sense — is clearly the operative word when lt comes to finding a lesson fer British industry.

Long famous for the deaf ear it turns to its workers, lt ignores the employee attitude survey at its peril.

* *See this page February 23.*

Cost of expatriate housing 'may be levelling off'

ASIDE from the cultural differences, one of the most atriking aspects of moving to London for many senior executives of the world's top corporations is the high cost—and relatively low quality—of the houses and flats they live in.

It is not unusual for an executive (or his employer) to pay upwards of £1,000 a month for a three-bedroom flat in central London; in most major capitals of the world the equivalent accommodation would be much cheaper and certainly better value.

The stock of executive properties in the London catchment erea has always been limited, and this has traditionally ensured that rentals are largely unaffected by the factors influencing the rest of the housing market.

In fact, rental increases in this protected area of the housing market have shown a consistent upward trend over the past few years—in spite of the recession.

Now, belatedly, this may be changing. Rentala on new leases ahow every sign of levelling off, according to a new survey* of expatriate housing costs in London.

The survey, by Organisation Resources Counselors, U.S.-based management consultants, found en 8 per cent decline in rental levels oo new leases compared with leases drawn up before the autumn of 1981. But because the number and size of companies in the current survey were different from the previous one, ORC is reluctant to conclude that the trend has been reversed.

"While it would be unwise to regard this recent movement as a firm downward trend it does appear that the consistent npward trend recorded over the last few years may be faltering with some rents actually declining over the short term," says ORC.

In the 1982 survey around 440 expatriates were questioned agaiost ebout 300 in 1981; the largest industrial sector taking part was banking/insurance/financial services, with the majority of respondents being U.S.-based.

The majority of expetriate executives rent two and three-bedroomed flats in central London and three and four-bedroomed houses in the outer suburbs. The average monthty rent — excluding utilities such as heating, lighting and water rates — is between £965 and £1,104 for the former and between £631 and £990 for the latter.

Utilities average out at between £60 and £100 a month extra.

In general, expatriate businessmen in London rent rather than buy accommodation although some occupy flats and houses bought by their employers for which they pay either a nominal or market rate.

Others make their own arrangements and are often subsidised by their employers. ORC reports that many companies actively discourage expatriates from buying peoperty in London.

A crucial aspect of housing for many expatrietes is the proximity of suitable education facilities for children. Consequently, the majority live in those areas of central London which are close to the international schools.

* *Expatriate Housing Costs London 1982, available from ORC, 78 Buckingham Gate, London SW1. Price £200 excl. VAT.*

Arnold Kransdorff

Business courses

"The KAI" (The Kirton Adaption-Innovation Inventory), Cambridge. March 31, 1983. Fee: £95 + Vat. *Details from George* Davies, Director, The Cambridge Management Centre, 22B Hills Road, Cambridge, CB2 1JP. Tel: 0223 354978.

Introduction to forecasting, London. April 25-28, 1983. Fee: £250. Details from Nigel Meade, Department of Management Science, Imperial College, Exhibition Road, London SW7 2BX. Tel: 01-589 5111, ext 2828.

How to succeed at cost-effective computing, London. April 25-26, 1983. Fee: £280 + Vat. Details from SAVANT, 2 New Street, Carnforth, Lancs LA5 9XB. Tel: 0524 734505.

APPOINTMENTS

Finance director for L.C.P. Holdings

LCP HOLDINGS has elected Mr John T. Astill as financial director. He was financial controller and secretary. Mr Lawrence J. Stevens, previously assistant secretary, has been appointed secretary.

★

Mr Anthony N. Reynolds has been appointed group accountant and company secretary with the S. L. DOWELL group of companies, based in Coventry. He will be responsible for the finances of the group's two main operating subsidiaries (the Red House Group, transport and haulage company, and Stephen Johns (Contractors), a building concern) and a chain of companies in the leisure industry. He was group accountant with James Wood (Merchants), Hampton-in-Arden, which owns a group of companies in the steel and allied industries, and financial director of the welding wire subsidiary.

★

Mr Ronald Halstead, managing director, consumer products, of Beecham Group and chairman of Beecham Products, has been appointed to the board of BURMAH OIL as a non-executive director, from March 1.

★

Mr Reg Porter will be retiring as director of TULLETT AND RILEY (FUTURES) COMPANY on Monday. Mr George Smeed will be appointed managing director and Mr Michael Stiller a director from March 1.

★

MOUNT CREDIT CRPN has appointed Mr Suresh B. Shah, Mr Navin B. Shah and Mr Peter E. Tucker as directors; Mr Brian Dungate as general manager and Mr Sean P. O'Neill as assistant general manager. Mr Sharad Sukhadwala will be joining the company shortly as a general manager.

★

Mr David Ashley has been appointed director of marketing and sales by BROCKHOUSE. Mr Ashley, who joined the group in 1966, was managing director of its general engineering division.

★

Sir Edwin Leather, a former Governor of Bermuda, and Mr Graham Barker, a director of Rothschild Asset Management, have been appointed to the board of OLD COURT INTERNATIONAL RESERVES.

★

Mr Benny E. H. Lynch, previously managing director of SD GRAPHICS has acquired the share capital of the company from BICC and becomes chairman and managing director.

★

Mr D. G. Badham has been elected to the board of T. T. PASCOE. He will take over as chairman at the end of March from Mr R. P. Roberts, who will then be retiring after 52 years with the group.

★

Mr Ronald Wing, chairman of Sanofi UK, has been elected president of the ASSOCIATION OF THE BRITISH PHARMACEUTICAL INDUSTRY from April 21 in succession to Mr Peter Cunliffe, chairman of ICI pharmaceuticals division, who will have completed his two-year term of office. The ABPI has elected Mr R. N. Gunn, a director of the Boots Company, as vice-president and Mr J. B. Diamond, of Beecham Pharmaceuticals UK division, and Dr J. H. Fryer of Ciba-Geigy pharmaceuticals division, have been re-elected as vice-presidents.

★

Miss Hilery Sears has been appointed a consultant to the executive search group of management consultants, A. T. KEARNEY.

★

The MARCONI INTERNATIONAL MARINE COMPANY has appointed Mr George Cockburn as UK sales manager. He succeeds Mr Cyril Lydall who has retired. Mr Cockburn, who has been with the company since 1956, was area manager, Glasgow.

★

Mr Alan D. Ewart has been appointed to the board of LONDON AND SCANDINAVIAN METALLURGICAL COMPANY.

Board post at Hill Samuel

Mr J. W. H. Morgan, a director of The General Electric Company is leaving the company to take up other appointments in the City and in industry. He will become an executive director of HILL SAMUEL AND CO on March 1, and on the same day will join the board of Simon Engineering in an non-executive capacity. He has been on the main board of GEC since 1973 and has been a member of the central team supervising the operations of the GEC Group.

★

Mr David J. Pierson, who has been in charge of Webb operations in the Middle East for the past four years, has returned to the UK where he will be assuming responsibility for the construction activities following his appointment as director of H. WEBB (CONSTRUCTION).

★

HEPWORTH PLASTICS has appointed Mr Peter Marland to the board and as president of Western Plastics Corp, Tacoma, Washington, U.S. He was previously a director of the Claywere division of Hepworth Ceramic Holdings and was responsible for the continental European operations.

WORLD CAR MARKETS

UNITED KINGDOM

	1981	%	1982	%
Domestic	658,091	44.32	657,471	42.28
Imports†	826,622	55.68	897,556	57.72
Total market	1,484,713	100.00	1,555,027	100.00
DOMESTIC				
Ford*	459,365	30.94	474,192	30.49
BL	285,071	19.20	277,260	17.83
Vauxhall-Opel*	127,141	8.56	181,737	11.69
Talbot*	68,048	4.58	56,149	3.61
IMPORTS				
Datsun	88,209	5.94	93,213	5.99
VAG (VW-Audi)	80,221	5.40	92,435	5.94
Renault	72,041	4.85	64,147	4.13
Volvo	44,558	3.00	51,707	3.33
Fiat	61,977	4.17	48,808	3.14
Citroen	27,395	1.85	24,149	1.55
Peugeot	17,805	1.19	19,636	1.26

*Includes cars from Continental associates not included in UK figures
†Includes imports from all sources including UK companies' Continental associates

Source: Society of Motor Manufacturers and Traders

UNITED STATES

	1981	%	1982	%
Domestic	6,205,000	72.80	5,757,000	72.10
Imports	2,328,000	27.70	2,221,000	27.90
Total market	8,533,000	100.00	7,977,500	100.00
DOMESTIC				
General Motors	3,796,000	44.50	3,515,600	44.00
Ford	1,380,000	16.20	1,345,700	16.86
Chrysler	730,000	8.60	691,700	8.67
VW of America	162,000	1.90	91,166	1.14
American Motors	137,000	1.60	112,400	1.40
IMPORTS				
Toyota	576,000	6.70	530,000	6.64
Nissan	465,000	5.50	470,000	5.89
Honda	371,000	4.30	365,800	4.58
Toyo Kogyo	166,000	1.90	163,100	2.04
Subaru	152,000	1.80	150,300	1.88
VW-Audi	133,000	1.50	67,350	0.84
Mitsubishi	111,000	1.30	93,100	1.16
Volvo	64,000	0.75	72,374	0.90
Mercedes	58,000	0.68	65,900	0.80

WEST GERMANY

	1981	%	1982	%
Domestic	1,697,357	72.80	1,618,162	75.10
Imports*	537,375	24.90	632,978	27.20
Total market	330,335	100.00	2,155,537	100.00
DOMESTIC				
Volkswagen-Audi	708,307	30.40	631,942	29.30
Opel (GM)*	381,193	16.40	392,853	18.20
Ford*	273,174	11.70	242,712	11.20
Daimler-Benz	245,927	10.60	233,645	10.80
BMW	133,899	5.80	127,315	5.90
IMPORTS				
Fiat	94,151	4.00	93,343	4.30
Peugeot-Citroen-Talbot	99,964	4.30	86,810	4.00
Renault	100,701	4.30	83,927	3.90
Nissan-Datsun	44,722	1.90	42,490	2.00
Toyota	47,214	2.00	40,037	1.90

*Ford and GM imports included in the import total but also included in their domestic totals

Year of the 'J' car in Europe

By Kenneth Gooding, Motor Industry Correspondent

FIAT LAST year kept its position as the car maker with the biggest share of its home market. Cars with Fiat badges accounted for 44.4 per cent of Italian registrations in 1982. When those from Lancia and Autobianchi, wholly-owned Fiat subsidiaries, are included the group's share of its domestic market rises to 51.4 per cent.

This compares with General Motors' 44 per cent of U.S. sales —GM uses the Buick, Cadillac, Chevrolet, Oldsmobile and Pontiac marques. Toyota last year took 38.6 per cent of the Japanese market and Renault 39.1 per cent of French sales.

Fiat's performance helped stem the rising tide of car imports to Italy. The only other market to resist the general trend for importers to increase their penetration was Japan. The already-minimal 38,000 foreign cars sold in 1981 was reduced to only 35,500 last year and the importers' meagre share of the Japanese market fell from 1.41 to 1.17 per cent.

Britain had the dubious honour of providing the best hunting ground for importers among those countries with their indigenous manufacturers. Importers took a record 57.7 per cent of total UK sales.

In Western Europe it was undoubtedly General Motors' year because its "J" car—sold as the Opel Ascona or the Vauxhall Cavalier—proved particularly popular.

In its "home" markets in Europe, West Germany and Britain, GM's market share shot up from 16.4 per cent to 18.2 per cent and from 8.5 per cent to 11.7 per cent respectively.

As a result, its share of Western European car sales moved back to the best level since 1979, to 9.6 per cent. According to industry estimates, Renault held Western European sales leadership in 1982 with a 14.1 per cent share followed by Fiat, 13.6 per cent, the Peugeot-Citroen-Talbot group and Ford, both with 12.3 per cent, Volkswagen-Audi, 12 per cent and, bringing up the rear, BL 3.9 per cent, Mercedes, 3.2 per cent and BMW, 2.7 per cent.

The decline in the Japanese penetration of Western European markets continued last year. Having reached 9.9 per cent in 1980, it fell to 9.6 per cent the following year end in 1982 was 9.5 per cent.

The Japanese say that the increase in the value of the yen compared with most other currencies together with "voluntary" restraints on shipments to major markets accounted for the set-back. The western companies claim that now Japanese cars are on European roads in some numbers, customers can see that their quality it not noticeably better than locally-produced vehicles.

Also the Japanese attempted to increase revenue in the face of restrictions on unit sales by pushing up quickly the specification — and hence the added-value — of the cars they have been sending to Western Europe. This policy so far has had no noticeable success.

Last year saw mixed results from the world's major car markets, as the tables show. Two — France and Japan — had record sales. Britain achieved a healthy advance.

In contrast, registrations fell in Italy in 1982 after two years of strong growth and those in West Germany continued to decline.

U.S. producers had their worst year since 1961 in their domestic market. They sold 5.75m cars out of total registrations of 7.977m, only slightly ahead of the 5.55m for 1961.

Only Ford improved its market share among the U.S. manufacturers—and that followed many years of falling penetration. Worst hit was Volkswagen of America with a market-share fall from 1.9 to 1.14 per cent—which involved a 44 per cent slump in sales, sparked off a management shake-up and an entirely new marketing approach in the U.S. In future the European origins of VW cars are to be stressed even though they are built in the States.

Certainly the Europeans mainly did well in the U.S. last year with Jaguar (sales doubled from 4,695 to 10,349) Mercedes, BMW, Volvo and Saab (sales up from 14,613 to 18,463) all having record sales.

The Japanese reluctantly agreed to reduce sales by 10 per cent from the 1981 level to 1.68m in the U.S. last year. However, the decline in total registrations caused the Japanese market share to rise from 21.79 to 22.58 per cent. Imports earned a record 27.84 per cent of the U.S. market, up from 27.25 in 1981.

The world-wide fall in car demand coupled with increasing protectionism encouraged all the Japanese groups to tackle their home market with increased vigour last year. The upshot was that car sales in Japan just pipped the previous —1978—record of 3.437m.

In spite of these efforts, Japanese car production slipped for the second successive year, and, ominously for the industry, total vehicle output fell for the first time in eight years. Attempts by the Japanese to make up for the drop in car exports by shipping out more commercial vehicles faltered in 1982 because of the general fall in demand world wide.

The story in France last year was one of record sales, record imports and frustration among the domestic producers which were plagued by disputes at the car plants. Well over 100,000 cars were "lost" as a result.

While Renault managed to increase its market share slightly, the Peugeot - Citroen - Talbot group saw its penetration decline from 33 to 30 per cent. A sharp improvement in Talbot's fortunes could not compensate for the deterioration in Citroen's.

West German car sales fell for the fourth successive year in 1982 and were 19 per cent below the peak 2.664m reached in 1978. At the same time imports continue to take a higher share of the available market.

Fiat moved into first place among the importers in West Germany having overtaken Renault.

Car production in West Germany rose last year by 4.3 per cent to 4.1m and that country's share of world car output increased from 13.3 to 14.1 per cent, thus justifying the idea, widely held in the industry that the German car makers are "the Japanese of Europe."

ITALY

	1981	%	1982*	%
Domestic	1,027,451	59.07	997,000	59.20
Imports	711,830	40.93	691,000	40.80
Total market	1,739,282	100.00	1,688,414	100.00
DOMESTIC				
Fiat	779,984	44.85	750,000	44.40
Lancia/Autobianchi	114,096	6.56	119,000	7.00
Alfa Romeo	112,544	6.47	106,000	6.30
IMPORTS				
Renault	176,721	10.16	185,000	10.95
VW/Audi	114,429	6.56	114,000	6.98
Ford	92,438	5.33	85,000	5.00
Citroen	78,340	4.50	74,000	4.40
Opel (GM)	60,411	3.47	62,000	3.70

*1982 figures rounded up except for total market figure

FRANCE

	1981	%	1982	%
Domestic	1,027,452	59.07	997,000	59.20
Imports†	514,974	28.10	629,474	30.60
Total market†	1,834,826	100.00	2,056,428	100.00
DOMESTIC				
Renault†	713,195	38.90	804,632	39.10
Peugeot/Talbot†	346,287	18.90	373,227	18.10
Citroen†	260,286	14.20	249,038	12.10
IMPORTS				
Ford*	99,000	5.40	134,000	6.50
VAG (Volkswagen-Audi)*	121,000	6.60	125,500	6.10
Fiat*	82,500	4.50	101,000	4.90

*Industry estimates. †Actual

JAPAN

	1981	%	1982	%
Domestic	2,663,046	98.59	3,002,950	98.83
Imports	38,110	1.41	35,564	1.17
Total market	2,701,156	100.00	3,038,514	100.00
DOMESTIC				
Toyota	1,098,018	40.65	1,173,850	38.63
Nissan	806,878	29.87	822,375	27.06
Toyo Kogyo	220,794	8.17	247,357	8.14
Mitsubishi	193,571	7.16	225,780	7.43
Honda	186,198	6.89	239,579	7.88
Daihatsu	49,250	1.82	76,799	2.52
Fuji	43,347	1.60	77,270	2.54
Isuzu	64,990	2.40	57,949	1.90
IMPORTS				
Volkswagen	12,047	0.44		

THE ARTS

Theatre

Arts Week

F	S	Su	M	Tu	W	Th
25	26	27	28	1	2	3

NEW YORK

A View from the Bridge (Ambassador): Broadway and Arthur Miller finally have a hit for the new year – Arvin Brown's musty but true revival of the melodrama of forbidden love in New York dockland. Tony LoBianco may reach the full pitch of contrived despair too soon, but audiences love the schmaltz, even in an Italian accent. (239 8200)

The Misanthrope (Circle in the Square): A witty translation by Richard Wilbur challenges an excellent cast to handle rhyme as dialogue which they ably do, led by Brian Bedford, supported by Stephen D. Newman, director Stephen Porter and especially costumer Ann Roth. (581 1348)

The Entertainer (Roundabout 23rd & 8th Av) William Gaskill's evocation production of the John Osborne chestnut stars an appealingly shuffling and quizzical Nicol Williamson while bringing the era of the Suez crisis to an American audience with Michael Sharp's headline dominated set. An excellent supporting cast of Humphrey Davis as father Billy Rice and Frances Cuka as Archie's long-suffering wife Phoebe. (242 7800).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (246 4636)

Joseph and the Amazing Technicolor Dreamcoat (Royale): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative rendition directed by Tony Tanner. (245 5760)

Crimes of the Heart (Golden): Despite its genial humour, outlandish events and Pulitzer Prize, Beth Henley's story of three Mississippi sisters boils down to a sitcom sensibility full of gags, good acting and frequent phone interruptions. (246 6740)

Geniuses (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting Apocalypse Now to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W. 42nd). (279 4200)

Nine (46th St): Two dozen women surround Raul Julia in this Tony-award winning musical version of the Fellini film 8-½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Plenty (Plymouth): Moving on to Broadway from its Public Theatre opening, Kate Nelligan stars again in the New York production of the play written and directed by David Hare about Europe's transition from war to peace over the last generation. (239 6200)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish re-creation of the London hit. (239 6262)

Top Girls (Public): After the Royal Court production enjoyed a short sold-out run, Caryl Churchill's ruminations on ambition and women re-opens with a local cast including film actresses Linda Hunt, Kathryn Grody and Sara Botsford, again directed by Max Stafford Clark. (598 7100)

WASHINGTON

Screenplay (Arena): A circus setting is used by director Zelda Fichandler to present Istvan Orkeny's last play, which creates its own show trials for a fictitious Hungarian politican recalled from his ambassadorship in Paris to witness the testimony prepared against him. (254 9895)

She Stoops to Conquer (Folger): The resident company adds Lucinda Hitchcock Cone as Kate Hardcastle and director Davey Marlin Jones for this production of Oliver Goldsmith's enduring comedy about English rural manners and matrimonial ambitions. (546 4000).

Toyer (Eisenhower, Kennedy Center): Tony Richardson directs Kathleen Turner and Brad Davis in Gardner McKay's new tense and twisted murder mystery set on a California tennis court (254 3670)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the Houston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs Ol' Man River, Bill and Make Believe. (254 3770)

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc Antoine Charpentier's original music for Moliere's masterpiece about quackery and hypochondria in the ancien régime. (488 3300)

CHICAGO

The Comedy of Errors (Goodman): With Adriana played by world champion baton twirler Sophie Schwab and Luciana by Gina Leishman who has mastered seven musical instruments, this Shakespeare could be nothing but a circus, especially surrounded by the Flying Karamazov Brothers and street musicians and jugglers from across America in Robert Woodruff's lively production. (443 3800)

Duet for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing debility stars Eva Marie Saint. (869 7278)

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodramas, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5588)

LONDON

A Map of the World (Lyttelton): Brilliant new play by David Hare, set in a luxury Bombay hotel where a Unesco conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film Gandhi) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (928 2252).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shananigans on tour with a third-rate farce is a key factor. (836 8888).

Yakety Yak (Astoria): Enjoyable potpourri of songs by Lieber and Stoller, evocative of the 1950s and '60s, and exuberantly performed by a Liverpudlian quartet of brothers and The Darts. (437 6565).

The Real Thing (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex vein. A tone of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (836 2660/4143).

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in A Kind of Alaska, Judi Dench outstanding as a woman coming out of coma after 29 years and accelerating from small girl to adult maturity in half an hour. (928 2252).

Trafford Tanzi (Mermaid): Exuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (236 5568)

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this strenuously arthritic camping about really preferable to the prim stasis of the D'Oyly Carte tradition? (836 8108)

84 Charing Cross Road (Ambassadors): Moving, unspectacular account of the love affair by correspondence between a New York Anglophile, Helene Hanff, and the owner of a West End bookshop. (836 1171)

VIENNA

Vienna's English Theatre (421 260): Arsenic And Old Lace (Daily except Sun)

Theater an der Wien (578 632): Anatevka (Daily except Mon)

HOLLAND

Mickery Theatre, Amsterdam: Slow Fate by Mike Figgis, an unorthodox play featuring music and projection as well as actors.

Opera and Ballet

PARIS

Prokofiev's Love of Three Oranges conducted by Claude Schnitzler. Opera Comique. (296 1220)

Fledermaus conducted by Ralf Weikert with Gino Quilico alternating with Alan Titus, Ileana Cotrubas with Barbara Daniels, Norma Burrowes with Janet Perry and Siegfried Jerusalem with Neil Rosenshein as well as Figaro's Hochzeit, conducted by Ralf Weikert with Margaret Price in the role of the countess and Jose Van Dam as Figaro. Paris Opera (742 5750)

Zauberflöte conducted by Gyorgy Fischer at the TMP-Chatelet (261 1983)

LONDON

Royal Opera, Covent Garden: The Carmen revival, led by Agnes Baltsa, Jose Carreras and Benjamin Luxon (all new to their roles in the house), marks Colin Davis's first Royal Opera encounters with Bizet. (240 1066).

English National Opera, Coliseum: Rita Hunter, a British Verdi soprano with few equals for vocal security, authority and amplitude, returns to London after an absence of three years, and to the production of Il trovatore to which she has often lent lustre. Kenneth Collins is Manrico. John Tomlinson continues in the title role of Boris Godunov and Della Jones, Britain's most accomplished Rossini mezzo, in that of Cinderella. (836 3161).

New Sadler's Wells Opera, Rosebery Avenue: All three operettas in the first season of this brave new company are on show this week – Lehar's uneven Count of Luxemburg, a fresh and spirited Mikado with Nickolas Grace a first-rate Ko-Ko and Kalman's little-known Countess Maritza. (278 8916)

Royal Opera House, Covent Garden: The Royal Ballet presents Sleeping Beauty, to be followed on March 3 by a new MacMillan triple bill of Orpheus, Requiem (set to Faure, staged in Stuttgart a few years ago and now making its first Royal Ballet showing) and a new work to music by Tchaikovsky and Martinu.

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): The week's performances include the first seasonal performance of John Dexter's production of Verdi: Don Carlo, conducted by James Levine with Placido Domingo, Mirella Freni and Grace Bumbry, as well as Arabella, La Boheme and Adriana Lecouvreur. (580 9830).

Jennifer Muller and The Works (City Center, 55th e. of 7th Av): Better known in Europe than in her native America, Muller and her dance company arrive in New York with two world and three local premieres in the four programmes of mixed repertoire. (581 7907)

WASHINGTON

Dance Theatre of Harlem (Opera House, Kennedy Center): Classically-trained dancers with a special interest in American forms and traditions have blossomed in one of America's best loved troupes. Their three-programme repertoire includes three premieres along with five familiar, pieces, among them Firebird by John Taras and A Streetcar Named Desire by Valerie Bettis. (254 3770).

CHICAGO

Porgy & Bess (Arie Crown): This full scale revival with 90 actors and 56 piece orchestra will go on to New York to mark the 50th anniversary of the Gershwin classic of melodious heartbreak in the ghetto. (791 6000)

VIENNA

Staatsoper (5324/2655): Die Schweigsame Frau Arabella. Der Barbier von Sevilla.

Volksoper (5324/2657): Der Vogelhändler, Der Graf von Luxemburg, Die Entführung aus dem Serail.

Raimundtheater (578 626): Die Gräfin Mariza. (Until end of Feb. Closed on Mon)

WEST GERMANY

Berlin Deutsche Oper: Tannhäuser with Gwyneth Jones and Harald Stamm; Götz Friedrich's production of Alban Berg's Lulu with Karan Armstrong in the title role; La Boheme with Pilar Lorengar and Barry McDaniel; Boris Godunov with Martti Talvela and Sieglinde Wagner. (34 381)

Hamburg Staatsoper: Fidelio with Rainer Goldberg and Lisbeth Balslev. Rossini's Seramis in a concert version with Montserrat Caballe and Francisco Araiza. An ultramodern production of The Magic Flute by Achim Freyer completes the programme. (35 11 51)

Frankfurt Opera: Madame Butterfly has Akiko Kuroda in the title role. Also Rigoletto, Der Türke in Italien, and The Magic Flute. (25 621)

Stuttgart Württembergisches Staatstheater: Fidelio has Manfred Jung excelling as Florestan. Der Troubadour has an all-Italian cast. Madame Butterfly with Toni Kraemer and Ursula Sutter was widely applauded. (20 321)

Munich Bayerische Staatsoper: Manon Lescaut has Raina Kabaivanska in the title role and Giorgio Lamberti as Germoni. Der Fliegende Holländer with John Lloyd and Julia Varady, Lohengrin with Ingred Bjoner and Siegfried Jerusalem and Das Liebesverbot featuring Hermann Prey. Puccini's Il Tabarro and Gianni Schicchi round off the programme. (21 851)

Music

LONDON

London Symphony Orchestra conducted by Gustav Kuhn with Paul Tortelier, cello, Haydn and Strauss. Royal Festival Hall (Mon). (928 3191).

Halle Orchestra conducted by James Loughran with Nathan Milstein, violin. Lennox Berkeley, Tchaikovsky and Sibelius. Barbican Hall (638 8891) (Mon).

Sir Lennox Berkeley 80th Birthday Concert with James Galway, flute and Phillip Moll, piano: Berkeley, Poulenc and Martinu. Barbican Hall (Tue).

Royal Philharmonic Orchestra conducted by Yuri Temirkanov with Ruggiero Ricci, violin. Rossini, Brahms and Stravinsky. Royal Festival Hall (Tue).

English Chamber Orchestra conducted by Raymond Leppard with Neil Black, oboe. Italian Baroque. Queen Elizabeth Hall (Tue). (928 3191).

Jane Manning, soprano, Barry Guy, double bass and John McCabe, piano. Wigmore Hall (Tue). (930 9232).

PARIS

Ventsislav Yankoff: Beethoven, Chopin (Mon), Salle Gaveau (56 320 30)

Via Nova Quartet: Jolivet, Dutilleux, Honegger. Meriet (Tue), Salle Gaveau.

Amadeus Quartet: Brahms (Tue, Thur), Theatre Des Champs Elysees (723 4777)

Ensemble Orchestral de Paris conducted by Jean-Pierre Wallez: Beethoven (Wed). Saint-Roch-Church (56 320 30)

Orchestre National de France conducted by Luis Garcia Navarro with the Radio France Choir: Falla (Wed). Theatre des Champs Elysees (723 4777)

Orchestre de Paris conducted by Daniel Barenboim with Radu Lupu: Beethoven, Reimann, Strauss (Wed, Thur). Salle Pleyel (56 388 73)

Catherine Joly, Piano: Liszt (Thur 3pm and 6pm). Salle Pleyel-Chopin

Orchestre Colonne conducted by Donati Benzetti, Jessye Norman, Soprano: Verdi (Thur). TMP-Chatlet (261 1983)

NEW YORK

New York Philharmonic: (Avery Fisher Hall, Lincoln Center): Christoph von Dohnanyi conducting, Bella Davidovich piano (Thur). Beethoven, Schumann. Trojahn First Sea Picture (U.S. premiere), Strauss. (874 2424)

Carnegie Hall: Hakan Hagegard, baritone, Mozart, Stenhammer, Grieg, Nielsen, Sibelius, Duparc, Schubert, Berg, Wolf (Mon); Raphaele Trio, Dvorak, Mendelssohn, Brahms (Tue); Toulouse Chamber Orchestra, Michel Debost flute, Aubert, Rameau, C.P.E. Bach, Leclair, Bartok (Wed). (247 7459)

WASHINGTON

National Symphony (Concert Hall, Kennedy Center): Mstislav Rostropovich conducting, André Watts piano. Debussy, MacDowell, Schubert (Tue, Wed, Thur). (254 3776)

CHICAGO

Chicago Symphony & Chorus (Orchestra Hall): Claudio Abbado conducting, Maurizio Pollini, piano. Mozart, Gabrieli, Schoenberg, Wagner (Thur). (435 8122)

VIENNA

Musikverein (658 190): Alfred Brendel, piano. Beethoven Sonatas (Mon); Medieval Ensemble of London, Love songs of the later Middle Ages (Thur).

Konzerthaus (721 211): ORF Symphony Orchestra, conductor Kurt Rapf. Beethoven, Schmidt, Kont and Rapf (Mon).

ZURICH

Tonhalle: Zurich Chamber Orchestra with Zoltan Kocsis, piano conducted by Edmond de Stoutz. Haydn, Mozart and Bach (Mon); Zurich Camerata conducted by Raeto Tschupp with Christian Zacharias, piano. Blaias, Haydn and Mozart (Wed).

Exhibitions

LONDON

Tate Gallery: Peter Blake – a full retrospective of the work of Peter Blake, founding father of British Pop almost before he left the Royal College in the middle fifties, with his obsessive anthologies of everyday bric-a-brac, small boys off to the pictures with their painted tins and myriad badges, and his Circus Ladies, all tinsel and tattoo. Then came the film and pop stars, the wrestlers and strippers of the sixties, then Alice in Wonderland and Titania and her Fairy Court in the seventies. The work is always fascinating, often lively and beautiful, as often unresolved and tentative. Ends March 20.

PARIS

Giorgio de Chirico: Beaubourg is showing some 180 paintings and 40 drawings by the Chirico, including the most important ensemble of his metaphysical work. Centre Georges Pompidou, Grande Galerie, 5th floor. (277 1112). Closed Tue. Ends April 25

From Carthage to Kairouan, 2,000 years of art and history in Tunisia. Magnificent mosaics and a vast model of the Kairouan Mosque retrace the succeeding Phoenician, Roman and Islamic influences on art in Tunisia. Petit Palais. Closed Mon. Ends Feb 27.

WEST GERMANY

Stuttgart, Staatsgalerie, Konrad Adenauer Strasse: Late 16th and early 17th century Italian masterpieces reflect the beginnings of Baroque. Ends spring 1983.

Düsseldorf, Kunsthalle: The show offers a comprehensive survey of Henri Matisse. The 80 paintings include works on loan from Paris, New York, London and Moscow. They are supplemented by a dozen sculptures. The focal point of the show is the gigantic La Danse. Ends April 4.

ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.

Milan, Palazzo della Permanente: Twentieth Century paintings including Sironi, Campigli, Carre de Cairico and Morandi. Ends March 27.

VIENNA

Museum des 20. Jahrhunderts: Painters of the American West and circles of the world. Art and culture from the world of the Red Indians. (End March 13)

Secession: Arik Brauer retrospective including oil paintings, gouaches, tapestries, sculpture and jewellery. (End March 23)

HOLLAND

Rijksmuseum van Oudheden, Leiden: Egyptian hieroglyphics on papyrus up to 4,000 years old. Ends April 4.

Diplomatic Relations between the Netherlands and the U.S. are celebrated in From New Amsterdam to New York, a collection of letters, paintings, diaries and photographs reflecting life in early New York. Amsterdam Historisch Museum. Ends April 4.

Dutch contemporary artists, selected by Albert Waalkens. Museum Boymans-van-Beuningen, Rotterdam. Ends April 4.

NEW YORK

Metropolitan Museum of Art: Those overwhelmed by the sheer volume of art at the Vatican will much appreciate the present loan of 230 choice pieces, including the Apollo Belvedere, Caravaggio's The Deposition and even modern pieces by Matisse in what the museum is calling its show of a decade. Ends June 12.

Asia Society: The Silk Route and the Diamond Path follows the spread of culture and wealth in Buddhist art from the 7th to the 17th centuries, with works in all media borrowed from the British Museum, the Cleveland Museum and Los Angeles. Ends April 3.

National Academy of Design: 46 paintings by the likes of Caravaggio, Evaristo Baschenis and Luca Forte prove that Italy had a still-life tradition as varied, if not as deep, as northern Europe in the baroque era. Ends March 13.

Whitney Museum: The 75th anniversary of the exhibition of The Eight, the group surrounding artist and teacher Robert Henri, is being remembered with nearly half of the 60 paintings first shown at the New York Macbeth Galleries in defiance of conventions established by the National Academy of Design. Besides Henri, works by Luks, Lawson, Shinn and Davies will recreate the origins of modern art in America. Ends March 20.

WASHINGTON

National Gallery: On the centenary of Edouard Manet's death, a hundred paintings, pastels and photographs show the growing interest in Paris among artists of that time, including Manet, Monet, Caillebotte, Daumier, and Vuillard, in this thematic exposition. Ends March 6. Seven major series by sculptor David Smith are represented in the 60 large works in welded metal included in the exhibit. Ends April 24. (357 2700)

Corcoran Gallery: The latest in the Corcoran's Biennials, a tradition going back to 1907, concentrates on regional artists of the American west with 30 living painters represented by 108 works. Ends April 3.

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubo-futurism, suprematism and constructivism through the paintings and designs of Kliun, Chasnik, Rodchenko, and Malevich before their extirpation by Stalin. Ends March 13.

Chicago Historical Society: Besides a permanent collection with a visual biography of Lincoln, audio-visual account of the great fire and daily demonstrations of weaving and candlemaking, this regional institution has a special show of something Chicagoans must know well: cold-weather clothing over the last century. Ends May 1.

Paul Newman and Charlotte Rampling in "The Verdict"

Cinema/Nigel Andrews

Getting rumpled up for the Oscars

The Verdict
My Favourite Year
Frances

What have we here? Paul Newman, with smoky-white hair, hollow cheeks, ill-tied tie and whisky on breath, essaying the role of a down-and-out (but still fighting) Boston-Irish lawyer.

In Hollywood, when Oscar time comes, can vaudeville be far behind? Like the performance that won Henry Fonda his belated Best Actor Award last year for *On Golden Pond*, Newman's Oscar-nominated Frank Galvin in *The Verdict* is a veritable "turn." Targeting in on virtuosity, Newman gives us an actor's gymnastics exercise. It's quirky, resourceful, protean, fun, and almost totally unbelievable from start to finish. One day surely Hollywood will recognise that the best performances in cinema do not come from master-of-disguise shenanigans (John Wayne's eye-patched and crotchety Rooster Cogburn and De Niro's 200-pound Jake La Motta were earlier examples). They come from the subtle flush of character and actor—Fonda as Abe Lincoln, Wayne in *The Quiet Man*, De Niro in *Mean Streets*—polished to a gleam by fresh insights and natural wit and alertness.

But the thinking behind Newman's costume-trunk performance spreads out to the whole of this justice-and-suspense thriller. You hear the ill-oiled creak of stage machinery in the plot about a comatose girl (given the wrong anaesthetic during childbirth) whose sister wants to settle out of court for the $210,000 proffered by the Archdiocese who own the hospital; and in the ensuing duel between the feline smoothie of an Archdiocese lawyer (James Mason), with his assistant cohorts of legal beagles, and our battered, lovely mick of a hero (Newman) who insists on saying Ya-boo to the money and going to court to expose the rotters (ie the doctors).

Director Sidney Lumet and writer David Mamet stand at the aides of the stage holding up cards saying "Applause, applause" for this decision: even though it's aimed more at rehabilitating Newman himself (his career and self-respect) than at giving any satisfaction at all to his client, who wants the settlement.

So off to court. Will Irish Jack slay the gleaming WASP giant? Will David nobble Goliath? Filmed in deeply reverential Rembrandt browns, transected by columnar shafts of light, *The Verdict* leaves us in no doubt that its story is a holy crusade of Us against *Them*. And Lumet being a master of paste-and-scissors professionalism (cf. *Prince of the City*, *Deathtrap*), the film pumps along merrily enough, fuelled by showpiece acting.

Newman and Mason are joined by Jack Warden as the large red-nosed dirigible who is Newman's pal and ex-partner, by throaty Charlotte Rampling as his girlfriend, uncorking Cognac and comfort, and by corrupt and shock-eyed Milo O'Shea, who sits on the judge's bench and is the meanest old Tartar since Judge Jeffries.

Occasionally the sheer helter-skelter of histrionic grace-notes are enough to give the film an illusion of movement and meaning. Newman, wheeling on fixed feet with a drunkard's gait, telling a funny story in a bar. Warden providing 57 varieties of crimson-bootered apoplexy; ("He's a good man!" he responds to Newman's estimate of Mason; "He's the Prince of F—ing Darkness"). Nifty too is the pre-trial cross-cutting between smoothie-chops Mason, brushing up his brief with his suit-and-tie squadron of aides, and Newman and Warden going it alone in dusty, *crumbling* libraries.

But sooner or later a whopping plot-contrivance comes along to punch a hole in the fabric of credibility (such as what Warden accidentally finds in Rampling's handbag). And the trial itself seems to have been choreographed by the Deuss Ex Machina Company for Surprise Revelations, Last-minute Witnesses and Lump-in-the-throat Summing-up Speeches. It all sounds, on reflection, depressingly like a surefire Oscar-winner.

In *My Favourite Year*, we have one of our two British Oscar nominees for 1983: Peter O'Toole. (The other is Ben Gandhi Kingsley.) Peter O'Toole's Indian summer continues hotfoot. In *My Favourite Year* as in *The Stunt Man* he's a vainglorious show-business dervish, whirling megalomaniacally through life skittling all who oppose him and most of those who don't. The voice is a forthright grandiloquent bray, lent a little fine-tooling with the end of the tongue, and the face is a stricken, lantern-jawed Hamlet with a mop of seen-better-days matinee-idol hair.

And aging idol "Alan Swann" is O'Toole's role in this 1950s-set comedy: which has the permanently-pickled ex-movie swashbuckler jetting in to guest a live New York comedy show hosted by Joseph Bologna as one "King Kaiser." (Read "Sid Caesar".) In the 48 hours before the broadcast he, Swann, must be kept alcohol-free. So the show's curlyhead young gag-writing recruit (Mark Linn-Baker) is deputed to squire him around town and tear him away from any passing bottles.

They duly become the Don Quixote and Sancho Panza of the Big Apple with O'Toole tilting at whisky-mills and seizing all available apertures for scandal, and his squire wearing plump-and-puckish panic in every pore. Directed by actor Richard Benjamin, the film's best scenes have all Benjamin's own cliff-edge debonair comic timing. O'Toole and Baker work double-act wonders, and Bill Macy and Adolph Green are superb as the TV-show beavers skeelering and lime-seeying round Bologna's despotic boss. ("A guy like this is irreplaceable" Bologna says of Swann: "Replace him, Leo.")

But the movie, sadly, gets worse as it goes on. As the plot thins, one finds time to tsk-tsk at the hand-me-down production values—don't rub your eyes, they really are *painted backdrops* outside the windows—and to tut-tut at the maudlin climax in which O'Toole has to prove himself a real pol just a celluloid hero. But there are happier gales early on, and Mr O'Toole is fast becoming a national treasure around whom one should now erect respectful scaffolding prior to spring cleaning.

*

Scaffolding of a different kind comes to mind in relation to the director of the appalling *Frances*: something with a large trapdoor and a long stout length of hemp. Has anyone heard of Frances Farmer? She was a screen luminary of the 1930s, star of a film or twain, and the hair-raising life-story of her fractured marriages, her possessive and semi-demented Mom, and her (Frances's) regular sojourns in lunatic asylums is herein recounted. Jessica Lange plays Frances: with platinum-pale hair, eyes akimbo and those fulsome Lange lips — pouted forward by prominent teeth — that had such an impact on Jack Nicholson in *The Postman Always Rings Twice* and K. Kong in *King Kong*.

The film spends 2½ hours dismantling not only the truth—that's a quotidian and minor sin in the movies—but all dramatic credibility as well. Who could believe in this holy madwoman, Princess Myshkin of Hollywood and Vine, whose mental unsteadiness was apparently set off by early encounters with Depression poverty? (Symbolised in the film by extras with bowed shoulders and *dirty* raincoats shuffling in and out of street shots).

In real life Miss Farmer, who did after all write her own confessional autobiography, was a mite shaky in the cerebellum long before any Socialist angst got to her. But the film, having planted this red herring, doesn't spend time bothering to develop it anyway. It's more concerned with throwing Miss Lange and her Mom (Kim Stanley) at each other in the hope that sparks and possibly teeth and hair, will fly; with building a never-happened romance between Miss L. and Sam Shephard as a Galahad-ish admirer from the pamphleteering Left (who keeps rescuing her from asylums); and with startling the stuffing out of us with scenes of rape, violence and primitive surgery.

The last category includes a choice vignette indeed. Mad doctor in front of his class, pointing to stretchered Lange: "This patient will soon be leaving hospital. Lobotomy gets them home!" And then he proceeds to insert a skewer into our heroine's still-conscious eyelid while whole movie audiences across the globe pass out. In cinema, there's nothing wrong with shock if it's the shock of the true or truthful. There's plenty wrong with shock when used, as here, with catchpenny glee to smarten up an insufficiently peppy original reality. This film is a chunk of harum-scarum melodrama that sets the cinema back, by my watch, about 30 years.

F.T. CROSSWORD PUZZLE No. 5,107

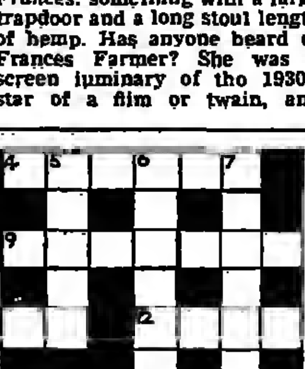
ACROSS

1 Many admit to being inexperienced (6)
4 They howl with distorted vowels (8)
8 Doesn't approve of material things? (7)
9 A country road ran crookedly (7)
11 Nevertheless, shows no distinctive qualities (3, 3, 4)
12 The main type of eagle (4)
13 Poe's a weird story-teller (5)
14 Transaction which is without credit (4, 4)
16 Gives information which could lead to making an arrest (8)
18 Heated complaint (5)
20 The first man to be a mother (4)
21 They experience initial difficulty in speech-making (10)
23 A record about which there's some correspondence? (7)
24 Article on Rodin's mongrel dog (7)
25 May a call for courage (6)
26 Conditions over the Atlantic (6)

DOWN

1 Intriguing bunch of politicians (5)
2 Lear production upset part of Hamlet (7)
3 At the very place where one is in difficulty (2, 3, 4)
5 Cat required—there are quite a few in the pound (5)
6 It loves wild flowers (7)
7 He takes another's life in his hands (9)
10 Blooming good example of self interest (9)
13 Completely irresponsible profligate (9)
15 It may catch one in the act (8-3)
17 A walker or a climber, perhaps (7)
19 Composer goes to court for judgment (7)
21 Legend written by northern French writer (5)
22 Quarters of an acre out of doors (5)

Solution to Puzzle No. 5,106



FINANCIAL TIMES

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Friday February 25 1983

Dr Schmidt diagnoses . . .

IN 1973 Herr Helmut Schmidt and M George Shultz, both then in charge of their countries' finances, were the leading actors in the tense negotiations which produced the Smithsonian agreement, and the system of floating exchange rates ruled for a decade. Herr Schmidt, in the leisure of his recent retirement, has concluded that this was the first in a series of potentially disastrous policy errors. Today, in what amounts to a weighty open letter to his old adversary (now a close personal friend), published simultaneously in Hamburg, Paris, Milan, Tokyo and London, he analyses our present problems and calls for American leadership to solve them.

Grave thesis

This testament from one of the three or four really impressive statesmen of recent years deserves close study, even if it is at times hard work to dig out the hard proposals from the middle-of-the-road truisms in which they are sometimes embedded.

His analysis starts from a grave thesis: sustained recovery is impossible under present circumstances, in which productive investment is inhibited by high real interest rates and wildly volatile exchange rates: yet unless these problems are solved, the political system of the West is threatened. Electors, seeing that their governments are as helpless in face of recession as they appear to be in face of the arms race, will turn increasingly to extreme alternatives.

This is a dark picture, conditioned perhaps by German experience in the 1930s, but only the most blinkered optimist will deny that such things are possible.

The economic problem, which is now threatening to produce both an international credit contraction and a rush to protectionism, he sees as a balance sheet problem, a view with which we strongly concur.

He argues that countries, companies and banking intermediaries overburdened with questionable debt are tempted to behave on the pattern of the 1930s, all trying simultaneously to improve their balance sheets through austerity and investment cuts—and thus depressing the markets in which they hope to earn their way back to prosperity. If this flight to illusory security is allowed to occur—it has been staved off so far by the rescue actions mounted by the central banks—we will suffer the disaster of "a Bruning policy on a world scale," a repetition of the deflation which killed off the Weimar republic.

Threatening

This problem cannot be tackled, however, simply by keeping a trickle of credit flowing from the nervous bankers in the Euromarkets, even if this action is supported by gingerly experimenting in more expansive macroeconomic policies in some (but not all) of the industrialised countries. Interdependence, Herr Schmidt points out, takes on a vivid and potentially threatening meaning in a recession, unless properly co-ordinated international action can be taken to address the problems, efforts in any one country are likely to backfire, as French experience has already shown.

This means American leadership, or it means nothing. The ex-Chancellor is brutally frank about the EEC: under the stress of enlargement and economic ill-fortune, it has become a machine with a broken spring, incapable of independent action. Its remaining activities are mischievous, ranging from outrageous agricultural protectionism to cartelisation and agreements in restraint of trade.

Obsession

The growing obsession in Europe and the U.S. with bilateral trade relations, in which current account balances between pairs of trading partners are the starting point for bargaining, is singled out as a particularly clear sign of how far protectionist thinking is now the rule; in a world of free exchange, bilateral balances are of no interest. "Markets," Herr Schmidt remarks in a pithy quotation, "are like parachutes: they only work if they are open."

. . . and prescribes a treatment

IF HERR SCHMIDT were simply a propagandist for free markets, his ideas would hardly be worth discussing at length.

His thesis is really that while we are increasingly hampering the operations of the markets for goods and services, we have been altogether too ready to trust the financial markets which are inherently volatile. He suggests credit and exchange rates are too important to be left to bankers.

Herr Schmidt's proposed programme of stabilisation and consolidation is complex in detail, but its outlines are clear. Governments must agree — as they are increasingly ready to concede — to operate their macroeconomic policies with full regard to their external effects.

Once this is achieved, some of the perverse forces which have pushed exchange rates to absurd levels will be contained. The leaders should also agree on a declared programme of exchange rate stability to back this up, and they should be ready to back it with market intervention.

Urgent priority

This would work only against a suitable macroeconomic background, so policy co-ordination comes first; but once this is achieved, a reasonably flexible system with intervention should be workable.

Herr Schmidt naturally takes the EMS, of which he was co-architect, as his model, and chides Britain for staying out. We have long favoured explicit exchange rate objectives as a test of domestic policy, and such a world-wide system would start us back on the road to asset settlement between nations (instead of debt accumulation) and the realism it begets.

Herr Schmidt is less explicit when it comes to his second central objective—lower real interest rates. He draws attention, as might be expected, to the size of the prospective U.S. fiscal deficit (where again he is riding the tide of current opinion).

He raises his eyes further to two other objectives: to reconstruct existing country debts, putting them into genuinely long-term form; and a series of steps to mobilise fresh capital for the poorer developing countries and to stabilise their export earnings.

The case for financial reconstruction appears to us a matter or urgent priority, as readers will be aware. It is only in this way that debt service burdens can be stabilised at a tolerable level, rather than left to the vagaries of domestic U.S. monetary policy and financial confidence restored.

Reticent

It requires political initiative, for banks are naturally reticent about measures which might drastically shrink their balance sheets; they fear, apart from loss of income, that their soundest borrowers would consolidate and the riskiest would remain on their books. It is to be hoped that Herr Schmidt's prestige will bring this topic onto the active agenda.

However, such measures, will work too slowly to relieve the desperate problems of the poorest developing countries, where the political threat may be particularly pressing. Here, Herr Schmidt proposes simply that the Williamsburg summit should agree, as Cancun failed to do, that concessional aid should be increased, and on no account further reduced.

He further proposes that a world scheme on the lines of the EEC's Stabex agreement with commodity producers in Africa, the Carribean and the Pacific should be launched.

This scheme, of which Herr Schmidt was a co-author has generally been regarded as one of the genuine successes in North-South economic relations.

Temporary glut

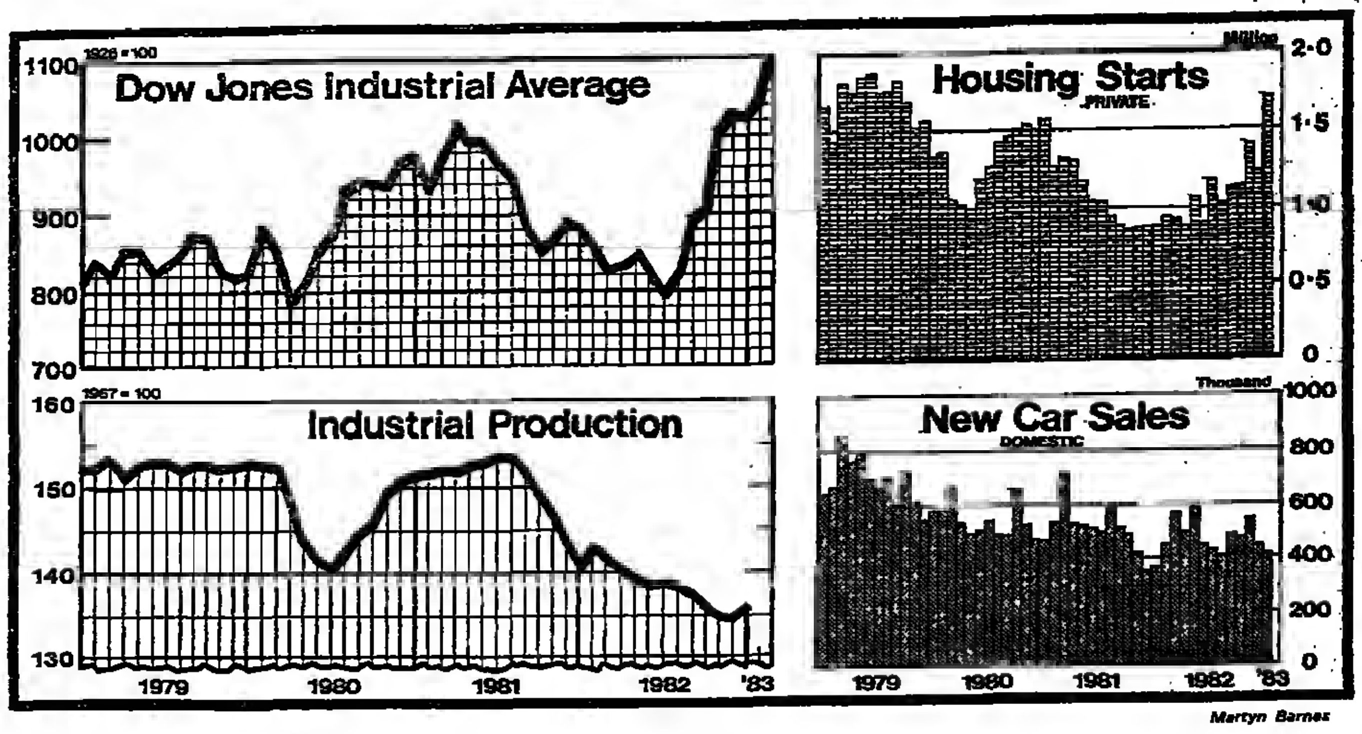
It aims to stabilise export earnings of commodity producers without stabilising commodity prices. It works; the much-discussed Common Fund is still gathering dust.

Finally, Herr Schmidt warns us that a temporary glut does not mean the energy constraint on world growth has disappeared. On the contrary, it provides for the first time an opportunity for a productive discussion between oil consumers and producers, since Opec has learned from its recent experience—a sharp price rise which led to a sharp fall in income — that it is not immune from interdependence. Energy for the 21st century is too long-term an issue, he argues, to be left to the market. This, like the rest of his message, deserves a response.

U.S. INDUSTRY

An upturn in the making

By Richard Lambert and Paul Taylor in New York



Martyn Barnes

SLOWLY AND painfully, and after several false starts, American industry is pulling itself out of the trough. With the memories of last year's over-optimistic forecasts still fresh in their minds, business executives are being suitably cautious about the short term outlook. But there seems little doubt that the recovery which the stock market started to discount last August is now under way.

This is the picture which is emerging from the latest quarterly snapshot of corporate America. In the past few weeks, hundreds of companies have reported on their experience in the last three months of 1982 and the early weeks of 1983. Profits in the fourth quarter last year were roughly 30 per cent lower than in the same period of 1981, and for the year as a whole they represented well under 6 per cent of gross national product — the lowest level in the post-war period.

The trend is now changing. The Business Council, a group of top U.S. corporate executives, expects profits will pick up throughout 1983 and the first half of 1984, rising at annual rates of 20 to 25 per cent during the 18-month period.

A major force behind the current upturn is the need to replenish business inventories. In the final quarter of 1982, inventories were liquidated at an annual rate of $18bn, and the impact of destocking was felt right across the business spectrum—from General Foods, which fell short of its sales forecasts for U.S. processed foods, to General Motors, which cut production levels sharply.

According to the Business Council, it is unlikely that the period of inventory liquidation is entirely finished yet. But

Sharp increases in car production are scheduled

many industrialists are confident that the worst is over.

Thus Mr George Weyerhaeuser, president of the giant forest products company of the same name, says that his industry probably reached the bottom of its cycle in November. Although he thinks that markets for pulp and paperboard will probably remain weak for several months, at least they seem to have stabilised in line with declining world pulp inventories.

For similar reasons, the big four motor manufacturers are scheduling sharp increases in production in the coming months. Inventories of new cars at dealers declined by a fifth between the third and fourth quarters of last year. So even though sales have lost some of their buoyancy in recent weeks, Detroit's output in the first quarter of 1983 could be two-fifths above last year's very depressed level.

Again, Bethlehem Steel forecasts that domestic steel shipments in 1983 will rise to about 72m tons compared to 60m in 1982, mainly because it thinks that customers just cannot cut their stocks any further. Prices are beginning to pick up in both the steel and aluminium sectors, and capacity utilisation in the steel industry—which fell from 60 per cent to under 30 per cent during the course of 1982—had edged back up to 48 per cent by last week.

The hope is that the inventory pipeline will gradually start to be refilled in the next few months. The key here lies in the direction of interest rates, and the sharp fall since last summer has already brought sharp turnarounds to some industries.

For instance, Ryan Homes, the Pittsburgh housebuilder, booked a record total of 2,545 orders during the fourth quarter of 1982, up from just 1,071 a year earlier, and Kaufman and Broad has seen a rise of around 60 per cent in housing orders. This is being reflected in the building products sector—Georgia-Pacific has spotted "an encouraging upturn" here in recent months—and in parts of the chemicals and fibre industry. Allied Corporation reports that substantially higher sales of home furnishings have helped its fibres and plastics interests. Lumber prices are rallying.

Many industrialists are counting on a combination of lower interest rates and modestly higher consumer spending to lift their sales out of the rut this year. Chrysler's Mr Lee Iacocca is hoping for a rise of around a tenth in new car sales during 1983, while Whirlpool is looking for increased shipments of its major home appliances.

Consumers at last seem to be digging a little deeper into their pockets. The big retail chains reported a marked pick-up in sales for the month of January. J. C. Penney showed a 9.2 per cent sales gain for the month, concentrated in clothing and leisure goods, while Federated Department Stores achieved a 16.2 per cent revenue gain, which it said continued a trend that had started to appear in the autumn.

Apart from the consumer, the U.S. Government is also doing its bit to boost the level of industrial activity. Rising military spending provided a much needed cushion for many companies last year, especially in the aerospace industry. Boeing's sales to the U.S. Government jumped by over $1bn to $3.2bn in 1982, and its backlog on this account at the year end stood at $4.1bn.

Many other contractors have similar stories to tell. After going through a rough time in 1982, Sperry Corporation says that its defence business will help it on the way to better things in the coming months. It is also looking for an improvement from its information processing side—a thought that is echoed by Burroughs, which has commented on an upturn in orders in recent weeks, and Digital Equipment which has said the same. IBM, of course, motored its way through 1982, and expects to do likewise in 1983.

Some companies are not so hopeful on the sales front, but are still taking a more positive line. A reference to managements' prowess in slashing operating costs has seemed almost mandatory in the latest crop of quarterly statements, and there have been radical cutbacks in many instances.

Du Pont's chairman, Mr Edward Jefferson, says that his chemicals group cut its workforce by 12,000 — or 7 per cent

> Industrialists agree that the strength and duration of the recovery will be dictated by what happens to interest rates

— in 1982, which will add up to a saving of $200m in the current year. Eaton Corporation's recent big closures in fork lift trucks and components were designed to reduce break-even points by well over $500m, while Cross and Trecker, the machine tool group, says it has cut its break-even point from over $200m to under $150m in the past year.

Another reason for optimism lies in the scope for a decline in the relative value of the dollar, which would help exports and bolster earnings from overseas subsidiaries.

Many major corporations, especially those with activities in Europe and Latin America, were hurt by the strength of the dollar in 1982. Now, by contrast, 3M Company says it "anticipates the U.S. dollar may weaken somewhat in relation to other currencies." Weyerhaeuser reports that the strengthening of the yen against the dollar has restored "significant competitive strength" in serving its important Japanese markets. And Dow Chemical says that an easing in the dollar could be a key factor in aiding the chemical industry in 1983.

Despite all these positive features, few industrialists are projecting the kind of roaring economic recovery that the Reagan Administration was so breezily discussing a year ago. Perhaps the biggest single constraint is that even after the huge cutbacks, many industries are still carrying far too much capacity.

Thus the airlines, remain locked in a cut-throat price war, despite the fact that some of them are reporting much healthier traffic figures. Delta, for one, says its advance reservations for the next six months are up substantially. But airlines like Pan Am and TWA are still expecting big losses in the early months of this year.

There are similar stories in the capital goods sectors. Bethlehem warns that even if the steel industry reaches its expected shipments of 72m tons this year, it will still be operating at only 60 per cent of capacity. That would be well below break-even level for most steel makers.

Overall, the Business Council says that the utilisation of existing capacity is at its lowest rate in the post-war period. As a result, it does not expect any improvement in fixed investment until late in 1983—and it thinks that the figures will still be well below 1981 levels even by the middle of next year.

Mr Jack Welch, General Electric's chairman, echoes this view. Although he has in recent months seen an upturn in orders for products with a short manufacturing cycle, he does not expect capital spending to provide any significant strength until late in the year—at best.

Big cuts in capital investment were commonplace last year and there are more on the way in 1983. Alcoa plans to scale down from $600m to $415m. General Motors spent $9.7bn two years ago but expects to fork out only about $6bn this year.

So suppliers of capital equipment are still facing very difficult times. In the machine tools sector, Cross and Trecker thinks that its revenues in fiscal 1983 could be down by at least 50 per cent, while Acme-Cleveland, seeing no signs of an immediate recovery, has started on another round of cutbacks.

Cummins Engine has not seen any upturn in its diesel engine business. And the agricultural equipment makers, which are also having to cope with a slump in farm incomes, are being battered against the ropes. Deere and Company expects to slash its worldwide output by a fifth in the year to next October.

Like the capital goods companies, those supplying the energy sector also have another rough year in view. Armco is predicting that the U.S. drilling industry will continue to run down its inventories, and LTV says it sees no immediate return to profitability in its oil country tubular goods. The oil refiners are now feeling the pinch as well. Ashland Petroleum made record profits in October and November, but its margins have since deteriorated substantially as oil prices have weakened.

The conclusion is that there will be a very wide range in the profits experience of U.S.

Some airlines report much healthier traffic figures

companies this year. Some groups are already well and truly on the mend: some, like TRW and Stanley Works, anticipate profit declines in the opening months of the year and steady gains thereafter. Others, like Deere and Company, "expect severe pressure on operating results to continue throughout the remainder of the year."

Yet there is one point on which all industrialists seem to be agreed, which is that the strength and duration of the recovery will be dictated by what happens to interest rates in the next few months.

The general mood is caught by Du Pont's Mr Jefferson. He is moderately optimistic about the outlook for the year. But "lower real interest rates," he warns, "are a prerequisite for sustained economic growth."

Men & Matters

Birch roots

One of the people Peter Young talked to before writing "Power of Speech," the history of telecommunications giant STC, was Reg Birch, chairman of the Communist Party of Britain (Marxist-Leninist) since 1968 and a member of the general council of the TUC from 1975-1979.

STC sacked Birch in the 1930s. But for all that this was one of the first multinationals—long before the term was invented, much less became a term of abuse—the sacking does not seem to have rankled.

It seems that young Reg, aged 20, was angered by Japanese visitors to his factory after hearing that foreign visitors to Japanese plants were asked to remove their trousers. Birch told the author: "Normally we kept our heads down when there were visitors and perhaps giggled at their strange dress. The Japanese in their pin stripes came through. We all made bangs, raspberries, etc."

"Is it any wonder?—80% of those I canvassed said they voted for a bloke called Mori"

His loyal chauvinism cost him his job. His supervisor said he was "a bloody nuisance . . . . Always mucking about, making trouble."

But, being STC-trained, Birch said he had no trouble finding another job. He told Young that, had his sons been so inclined, he would have tried to persuade them to work for STC.

In fact, a decade later when Birch stood in the dock at the Old Bailey accused of striking in wartime, a character reference from STC was read out, describing him as "a diligent, honest craftsman of the first order."

"I would never have known but for that trial," Birch says.

Phone charges

After Richard Nixon's Watergate experiences, you might have thought nobody in the United States would ever say anything out loud again.

But the U.S. Government's anti-trust case against American Airlines and its president and chief executive Robert Crandall rests partly on a telephone conversation between Crandall and his opposite number Howard Putnam of Braniff Airways.

An extract from the Justice Department's transcript, published by The New York Times, reads as follows:

Crandall: I think it's dumb as hell for Christ's sake, all right, to sit here and pound the (expletive) out of each other and neither one of us making a (expletive) dime. Putnam: Well . . . .

Crandall: I mean, you know goddam, what the (expletive) is the point of it?

After a few more exchanges, Putnam: Do you have a suggestion for me?

Crandall: Yes, I have a suggestion for you. Raise your goddam fares 20 per cent. I'll raise mine the next morning.

Putnam: Robert, we . . . .

Crandall: You'll make more money and I will too.

Putnam: We can't talk about pricing.

Crandall: Oh (expletive), Howard. We can talk about any goddam thing we want to talk about.

Togetherness

Newsweek has come a long way since it was launched in 1933 by Thomas Martyn, a former foreign editor of Time magazine. His expressed intention was to run his rival out of business.

Fifty years on Time is still leading the field. But Newsweek has seen its circulation rise from 50,000 copies to 3.6m copies, and nearly $300m in annual revenue.

An experimental round-the-world "teleconference" staged yesterday by Newsweek to celebrate its half-century passed off without a hitch. Some of the magazine's executives involved in the live link-up between Washington, London, Zurich, and Tokyo seemed overcome by the occasion nevertheless.

"Will wonders never cease?" asked William Broyles, Newsweek's new editor-in-chief, as the sound and pictures came up on television screens in the London Hilton's ball room.

President Reagan, speaking from the White House, described the occasion as "one more powerful example of how we in the free world can draw closer together using high technology as a tool."

A star-studded cast from the political and business worlds of America, Europe and Asia, took part. Japanese Prime Minister Yasuhiro Nakasone was in Tokyo, while in London, Home Secretary William Whitelaw and former Prime Minister James Callaghan were among the guests.

Shirley Williams, president of the SDP, brought a touch of reality to the proceedings when she asked the panel of Newsweek editors fielding questions after Reagan's address how the President "Got away with bashing the poor"? Well . . . there's one at every party.

Banned king

While ex-King Umberto of Italy lies gravely ill in the London Clinic, Italian politicians are going through spasms of remorse over the combination of republican purity and cumbersome parliamentary procedures which has so far prevented him fulfilling his wish to visit Italy before he dies.

The 78-year-old former monarch and his direct descendants in the House of Savoy have been banned by an article of the constitution from returning to Italy, which Umberto last saw at the end of his reign of only a few months in 1946.

After a long campaign by the dwindling band of Italian royalists and other sympathisers, a parliamentary committee decided last autumn to consider the issue.

But though it approved an amendment a few weeks ago, changes in the constitution must be passed by two majority votes of each House of Parliament, with a three month interval between each vote.

Pietro Longo, leader of the Social Democrat party, wrote this week to Prime Minister Amintore Fanfani, asking him to grant Umberto a visa at once. Fanfani, who left almost immediately for London on an official visit to Mrs Thatcher, may take the opportunity, it is thought, to tell Umberto of his decision.

Good heavens

Graffito: "I thought cirrhosis was a cloud until I discovered Smirnoff."

Observer

BRITISH YOUTH TRAINING

The scheme that is here to stay

By Alan Pike, Industrial Correspondent

"WHILE 80 or 90 per cent of young people in France and West Germany get systematic vocational preparation, the proportion in this country is less than half."

With this comment Mr Norman Tebbit, Employment Secretary, this month reminded the Commons of the justification for the new £1bn Youth Training Scheme which will be introduced this summer.

Any evaluation of the scheme at least deserves to begin from the premise that the status quo is not worth defending. But will YTS really provide the turning point in the UK's unimpressive record at preparing young people for work? This depends upon answers to other questions to be asked throughout industry in the time before the scheme is fully operational in September.

First and crucially, will it prove to be a *training* scheme? YTS has its antecedence in the Youth Opportunities Programme (YOP), an emergency measure directed at the now enormous problem of youth unemployment. Typical YOP schemes have provided unemployed young people with six months' work experience on employers' premises. Some schemes have proved a valuable alternative to real employment when none has been available. Others have been straightforward job substitution and cheap labour. But YOP was never designed to provide any structured element of training and this is one of the most vital differences between the two.

Another is that YTS is here to stay. The need to respond to youth unemployment—and the electoral attractions of removing school leavers from the unemployment register—certainly helps to explain the timing of its birth. But the Government and the Manpower Service Commission (MSC) regard the scheme as a permanent break with the past in the UK's vocational training arrangements and it may well grow into something more elaborate than the 12-months-long variant which will come into operation this year.

The MSC is looking for up to 460,000 training places, 300,000 of them in industry, by September. All 16-year-old school leavers—employed and unemployed—and some 17-year-olds will qualify for places on the scheme, financed by MSC allowances.

Learning at the checkout as part of an existing Sainsbury training scheme

Places to do what? The scheme is intended to provide young people with a programme of planned work experience and training which will make them better equipped for the world of work. Since trainees are being prepared for work in general rather than work in particular, there will be concentration upon transferable skills. Each scheme will attempt to impart five core skills:

- numbers and their applications;
- communication;
- problem solving and planning;
- manipulative ability;
- computer literacy and information technology.

More general life and social skills will also be included, some programmes will contain residential experience and every scheme will have to provide at least 13 weeks off-the-job training or further education. The whole scheme will lead trainees to certification of achievement measured against nationally agreed standards. Existing apprenticeship schemes are being renegotiated in many industries to integrate with YTS and one of the objectives of the scheme will be to make young people better prepared for further, higher-level training.

A number of industries including engineering, printing and electrical contracting have negotiated or are negotiating an end to time-served apprenticeships. The Government wants this move completed throughout industry by 1985 and YTS is seen as the foundation year for all later training.

"Of course we will not be able to provide training in everything from floristry to brain surgery in a year," says Norman Mills, general manager of the Confederation of British Industry's special programmes unit, which is encouraging companies to join YTS.

Today in the distinctly non-industrial, fairyland setting of Leeds Castle, Kent, the CBI special programmes unit will be urging support for YTS at a conference of some of Britain's leading companies. Among the speakers will be Owen Thomas, departmental director for personnel at J. Sainsbury. The Sainsbury reaction to YTS is regarded as particularly encouraging by MSC officials, because the company never agreed to take part in YOP but it is giving support to the new scheme.

The scheme planned by Sainsbury goes far beyond stacking supermarket shelves. Young people will begin with eight weeks general training in keyboard and cashier skills, customer service and display work. Later they will gain experience in departments such as engineering, data processing and printing as well as the company's stores. Sainsbury envisages some of its trainees progressing to its regular management training scheme—but it has told the MSC it will insist upon the company being allowed to apply its usual selection standards to YTS recruits.

Will the quality of all YTS schemes be as good as those provided by the most interested companies? Or will the MSC, as the Easter and summer school leaving dates draw nearer, be forced to sacrifice standards to the need for 460,000 places? Much will depend upon the effectiveness of the managing agent system around which the scheme will operate.

Managing agents can be employers, local authorities, charities or any other organisation capable of arranging a young person's complete training year. They will be responsible for designing and managing the 12-months programme of training and work experience — even though they may not provide every aspect of the training themselves. Managing agents will be responsible for supervising trainees and issuing their final certificates.

What do the doubters and critics say? The scheme has the full support of the CBI and TUC, and all political parties are dedicated to the improvement of industrial training. Labour has called for a broader, two-year-long scheme, and its spokesmen have, not surprisingly, declared that the Government's economic policies will lead many young people from YTS back to unemployment.

Some trade union leaders are worried that the attraction of YTS trainees financed by MSC allowances will prove so irresistible to certain employers that they will not retain young people for longer-term employment and training. This fear has led to Transport and General Workers Union delegates refusing to amalgamate the agricultural apprenticeship scheme into YTS.

In spite of the much-paraded £1bn cost of the scheme, some youth organisations do not believe there will be enough money to make it work properly. Youthaid, a leading charity concerned with youth unemployment, has become increasingly critical of MSC special measures. It now says that it does not believe it right to give unquestioning support to schemes for the unemployed which threaten to undermine general wage levels, or convert jobs which still exist for young people into one-year traineeships.

From a different angle, some training managers argue that £1bn spent selectively would be far more valuable in improving training in key areas—but this is to ignore the political fact of youth unemployment, and the arguments in favour of providing all young people with preparation for work.

And there *are* arguments for providing all young people with preparation for work, even though jobs are scarce and much work is relatively unskilled. A recent report by the National Institute of Economic and Social Research, for instance, points out that for every 100 trained shop assistants and other distributive workers in Britain the West Germans train nearer 10,000. The report lists a range of areas in which a trained workforce benefits German shop managements, workers and customers. It also points out that the trainee German shop assistants' test questions require a surprising degree of commercial knowledge, while the corresponding British papers often relate to complaints about late delivery and poor service. No doubt, comments the report, this is not accidental.

Politics Today on the results of the Bermondsey by-election will appear tomorrow.

Social policy

Where the New Right has got it wrong

By Nick Bosanquet

THE POST-WAR consensus was not just about macro-economics: it included a complementary approach to social policy, first set out in the Beveridge Report to which Keynes himself made a notable contribution. The collapse of Keynesianism pulled down the social ethic with it. Monetarism, too, has its social philosophy: bold in the case of Friedman and the IEA, more diffident with Sir Geoffrey Howe. My book* aims to move the discussion away from polemic towards a reasoned assessment of this view of our future.

I began from curiosity about Sir Keith Joseph's reading list issued to his civil servants and leaked to The Economist in 1979. This featured books by Adam Smith, De Tocqueville, Schumpeter and many others. After months of immersion it became clear that the list did have a common theme: almost a central myth.

Society was seen as having a natural tendency to order and the economy to growth. Adam Smith's invisible hand can produce growth as well as co-ordination. The main impulse to growth comes from the will of entrepreneurs. A dynamic minority sets the pace, takes the risks and pulls the economy forward. But there is much more to the New Right than this familiar myth. I try to set out what Friedman, Hayek—whose contribution is of particularly high quality—and the IEA's main authors actually have said across their long careers. For Friedman there are lessons from comparing his approach across monetary, social (and less familiarly) labour issues.

There is more diversity in the New Right than it usually gets credit for: but it also has key points of principle and evidence that are held in common. Its view of government is a venerable one descending from Adam Smith to Milton Friedman, with only a change in language.

Our society is made up of households and of organisations such as large firms, professional associations and trade unions. Households are small, poorly informed and vulnerable — but they have civil and political rights. The usual state of society will be of a struggle between households with the weapons of rights and organisations with their potential for far-reaching and secret action. The natural state of society is not one in which freedom flourishes simply because of the absence of government. It is one in which private interests will organise to win gains. The New Right has shown a persistent neglect of the problem of private coercion and its plans would shift the balance between households and organisations in favour of the latter.

The case for the market has

> Most of the costs of the recession have been borne by the less well off 40 per cent of the population.

always left questions about income distribution. The New Right itself accepts that a market system will be unstable if it leads to great inequality. Hayek accepts the case for a minimum income guaranteed for all. But the New Right and especially Friedman take a view of the facts which removes all possible difficulty.

For Friedman the market will raise the incomes of the poor; but this is hard to support from recent evidence both in Britain and in the United States. This suggests movement towards greater poverty and inequality. For example in Britain the income share of the poorest 40 per cent of households fell from 9.6 to 9 per cent of total income between 1979 and 1981. The recession will have re-inforced this change.

Britain is now showing much evidence of the increased social inequality which has long concerned Americans about the United States. There are high rates of unemployment among young people, among ethnic minorities and in the big cities; job prospects in the suburbs and for the more qualified remain better. Even on Hayek's terms a commitment to a minimum income is hard to fit with a commitment to lower state spending. Even if growth were to improve in the longer term the people who had borne the costs would not get the benefits.

The New Right also has key points of evidence about government "failure" in health and education. The ideal market model is misleading. The record has to be assessed against most likely alternatives and not against some ideal model—for example the NHS against the private health insurance base. The New Right has greatly under-estimated the problems raised by the power and discretion of doctors. Nor has their handling of evidence about the NHS been careful. Friedman in particular uses strange measures of output and exaggerates medical emigration. I also look at the fiasco over education voucher schemes, where the New Right has spent years denying the obvious: that they must lead to greater inequality of spending.

This social philosophy has much public support and has already had much practical impact. Most of the costs of the recession have been borne by the less well off 40 per cent of the population. However, some people have instinctive doubts about this creed: my study gives them support both in principle and in evidence.

The New Right has valid points about waste in government and about the evils of monopoly: but we need to look for a new synthesis. The market has great strengths in productive efficiency and adaptability: but it is not a substitute for social policy. Government should be about ensuring rights, security and opportunity to all citizens and their children. It should concentrate on the core social services, while reducing its role elsewhere in the nationalised industries. As it stands the New Right's social approach can only lead to further social attrition: to a more deeply divided society with continuing and worsening hardship for the less well off.

* *After the New Right; Heinemann Paperback £5.95.*

Nick Bosanquet is Lecturer in Economics at the City University.

Letters to the Editor

Golden handshakes and safety nets for critics

From Mr A. Eastwood

Sir,—Lex, in supporting the institutions' move to dampen industry's enthusiasm for golden handshakes (February 21), might well have addressed himself to another side of the debate—the situations wherein a golden handshake, or at least the possibility of one, works in favour of the angels — the institutions.

Fewer senior people are invited out of their posts for reasons of poor performance than for questioning their superiors. A successful chief executive leading an harmonious team has little to fear, and generally will accept constructive criticism from an experienced subordinate director. Not so a poorly performing executive, who will typically resent such criticism, assiduously ignoring the possibility of any constructive motive; he will be defensive, and very possibly to the extent of going so far as to remove the source of criticism.

Unquestionably, it must be in shareholders' interests, and the institutions will surely come to appreciate this, that senior men be able to speak out firmly against ill-guided or hollow leadership in the knowledge that there is some safety net should the tightrope break. For the average career director with a company, the run of the mill handshake is seldom truly golden and hardly equates with the trauma forced upon him and his family by the need to find a new job. The abuses that hit the headlines are a different matter.

There is a parallel in the case of non-executive directors. They also should be freely able to resign, or be pushed, in defence of a principle—though it is amazing how reticent non-executives are in speaking up, even when they specifically represent substantial interests. I know this from first-hand experience, having spent a good few years sitting on a variety of boards. That the institutions are beginning to take more interest is welcome, but they must look at cause as well as effect.

A. Eastwood,
The House of Orange,
Widford, Ware, Herts.

Amateurs in management

From the Secretary and Treasurer, United Kingdom Civil Service Benefit Society

Sir, — With reference to the letter (February 15) from Mr Richard Weir of the Building Societies Association, I would like to speak as one who has knowledge of two camps.

Until recently I was a senior executive with a small/medium building society who attended board meetings and saw the system in operation. Although I am sure the larger societies do things somewhat differently, it would seem to me that many building society directors are selected by virtue of their membership of the appropriate Masonic lodge or Rotary club. In deference, however, to these directors, they are usually of an appropriate professional standing and, as the normal attendance at annual meetings is apathetic, it is unlikely that there would be suitable nominations from the members of the general public.

It is interesting to note that friendly societies and building societies have common roots. Selection of directors or board of management members of a friendly society, however, is considerably more democratic. In the case of this society a triennial conference is held attended by delegates representing all the society's policyholders, and members of the committee of management have to put themselves forward for re-election. There are occasional vacancies on the committee as all members have to retire on leaving full-time employment and these vacancies are filled by election with nominees coming from the floor of the conference; there is no attempt to co-opt members to the board in the interval between conferences. The result of this system is that committee members represent all levels of the society's membership.

To help put Mr Weir's mind at ease, should building societies be forced to consider democratisation of their boards he might wish to know that the current growth rate of this society is around 20 per cent in the hands of our amateurs. The majority of small to medium building societies, with their professional direction, would look upon this growth rate with considerable envy; single-figure growth rates are by no means rare among the smaller societies.

M. A. Davies.
UK House, 82, Heath Road,
Twickenham, Middlesex.

Exchange controls and interest rates

From Mr T. Torrance

Sir,—Mr J. E. Mortimer of the Labour Party writes (February 22) that the absence of exchange controls "is damaging to the economy because it means that for any given level of the exchange rate, interest rates in Britain are higher than they would otherwise be." Matters however are not so simple.

With exchange controls an increased quantity of gilts would have to be sold in order to ensure that the increased liquidity in the economy did not cause the targets for the monetary aggregates to be breached. Such sales would inevitably produce higher interest rates, other things being equal.

Whether the joint effect of the lack of such additional gilt sales and the lack of exchange controls would produce higher interest rates than would otherwise be the case is a factual matter, not to be decided a priori. I doubt whether the overall consequence does in fact mean higher interest rates.

Thomas S. Torrance,
University of Aberdeen,
Department of Political Economy,
Edward Wright Building,
Dunbar Street, Old Aberdeen.

A monstrous gamble

From Mr K. Knight

Sir, — Malcolm Rutherford (February 18) writes that the General Synod got it wrong when it called for no first use of nuclear weapons, because such a pledge would remove their deterrent effect.

This begs the essential question about Nato's flexible response strategy — whether we are to rely from now to eternity (which may not be all that far away) on nuclear weapons to deter any form of attack, nuclear or otherwise, particularly in an international climate where however confused the start of hostilities may be the "aggressor" is always on the other side. Having nuclear weapons to deter the use of nuclear weapons against us is one thing, relying on them to prevent any war ever again seems to me the most monstrous gamble with the future of our planet to save a few percent off the defence budget.

K. Knight.
Brunel University,
Uxbridge, Middx

Of profits and imprudence

From Mr C. Larkum

Sir, — John Plender ("Of profits and imprudence," February 18) makes a strong call for banks to confront the need for "realistic provisions" against their international lending. Very few years ago, I recall, it was the Financial Times that waged a long and sometimes bloody campaign against the general provisions maintained by British banks, arguing that "the clearing banks have been creating and maintaining excessive provisions for bad and doubtful debts" (December 30 1980).

That campaign was wrong, in my view, because it held too fast to a legalistic interpretation of the definition of a provision in the 1967 Companies Act, and did not sufficiently consider the real purpose of non-specific provisions. In one sense, that purpose may now be said to have matured.

Equally, however, Mr Plender is wrong to suggest that there is an easy formula for deciding the optimum level of provisions against loan risks whose assessment is as subjective as those now seen to exist in sovereign lending. Both the intellectual and the practical arguments are extremely complex. That is no justification for failing to act promptly and effectively, but it should, on this occasion, make us wary of embracing over-simplified solutions.

C. P. Larkum,
6 Church Street,
Chesterton,
Cambridge.

Private health cover

From Mr F. Stark

Sir,—The fact that there may be tax relief for civil servants and others taking out group private health insurance (February 15) is not good news for those individuals who already have to pay a subscription up to double that of those in group schemes.

There are many elderly subscribers to private health insurance who have been paying their higher subscriptions for years, with few or no claims for benefits, and who now find it difficult to maintain the higher subscriptions in their retirement, just the time of life when they are most likely to need treatment.

These are the people to whom tax relief should be given if it is available.

F. Stark.
178, Southend Rd,
Wickford, Essex

FINANCIAL TIMES

Friday February 25 1983

Alain Cass and **John Elliott** in New Delhi talk to Mrs Gandhi

India fears Pakistan nuclear intentions

MRS INDIRA GANDHI, the Indian Prime Minister, has effectively accused Pakistan of covertly attempting to make nuclear weapons. Her statement, in Mrs Gandhi's first interview with a Western newspaper for nearly a year, deals a significant setback to prospects for an early agreement on normalisation of relations between the two countries.

It has clear implications for her meeting in less than two weeks with President Zia ul Haq, Pakistan's military ruler, at the non-aligned summit in New Delhi. Mrs Gandhi's accusation contrasts sharply with President Zia's optimistic interpretation of their first meeting on the sub-continent last November, which he said was "a good sign" and a useful first step towards better relations.

The two countries' differences centre on the disputed border state of Kashmir, on whose territory they have fought three wars.

Mrs Gandhi said that India "had nothing to fear" if Pakistan was building its nuclear facilities for non-military use. But she added "I dont think they are going to use it for peaceful purposes."

Pakistan's nuclear programme has been a major concern to the West which believes that president Zia's Government has been covertly attempting to procure nuclear materials.

Mrs Gandhi speaking at her home in New Delhi said: "One doesn't know what President Zia wants or what his intentions are, or what you can discuss, if from what we hear he has made up his mind to acquire nuclear capability which is not for peaceful purposes, what can you discuss."

Asked if she would accept an offer from President Zia to settle the crucial dispute over Kashmir, she replied: "No, he's a dictator but I'm not. I have to put it to my party and my Cabinet and to the leaders of the opposition as well."

Dismissing her first meeting with the Pakistani ruler as a "drawing room chat", she pointed out that some of the opposition in Pakistan would not honour any agreement reached between the present military regime and India.

Turning to the massacre in the north-eastern state of Assam just before the final round of voting last week, when her Government was forced to bring in 75,000 troops to control the violence, she said that she had "no plan as such" to resolve the crisis.

Mrs Gandhi said the problem of Assam, which revolved around identifying and expelling illegal immigrants from neighbouring Bangladesh, was a problem which dated back to Indian partition in 1947. "We can't just wish that away," she said.

Mrs Indira Gandhi

She reiterated that Bangladesh should take back those migrants who had entered India after the 1971 war which led to the creation of the country.

"But you can't just throw these people out. They have nowhere else to go," she added.

Mrs Gandhi claimed that had the Assami students who had spearheaded the opposition to the inclusion of immigrants from Bangladesh on the electoral roll, not "raised such a hue and cry" it might have been possible to use quiet persuasion to resettle some of the refugees. She implied that the students were being manipulated by "outside forces."

She said that her Government would wait until the situation had cooled down before taking the next step.

Mrs Gandhi visited Assam four days ago, and said that she was moved by the suffering but added: "a lot of people are blaming this on the elections." She said that murders and acts of sabotage had begun long before the elections and although her Government had decided initially not to proceed with the polls she was finally forced to do so because she could not secure the required support in parliament for the necessary constitutional amendment to postpone the polling.

Explaining her party's defeat in the two traditional Congress strongholds of Andhra Pradesh and Karnadaka in the south she said: "I don't think anything went wrong as such. When you accept the democratic system you accept that sometimes you will win and sometimes you will lose. You cant keep on winning."

She said that only time would tell whether the trend against her, which has been widely interpreted as a protest vote against her personal style of Government, could be reversed.

She denied that the changes made to the Government and within the party since the defeats were merely cosmetic. Mrs Gandhi pledged herself to ruthlessly stamp out corruption.

Asked whether she would hold a snap mid-term general election to re-establish her authority she replied "What for?"

One reason she gave for her party's defeat in the South was that "people expect a great deal which you can't do by magic", adding that "however, much the people may like me, they blame the local politicians."

Asked about India's relations with the U.S. she said that "although personal relations had improved" since her visit there last summer, government-to-government relations had not. This was because of ideological differences on economic and political issues.

Loan rates still too high, says Volcker

By Paul Taylor in New York

MR PAUL VOLCKER, Federal Reserve Board chairman, told Congressmen yesterday he believes U.S. consumer loan rates remain too high, based on the Fed's continuing and successful fight against inflation. But he considered it would do little good for the Fed to "jawbone" banks into lowering rates until complete confidence is restored in the financial system that inflation is really under control.

President Ronald Reagan, speaking in a television interview yesterday, expressed confidence in that financial system. He said there was a "new vigour" in the U.S. economy that would help pull the world out of recession.

"We in the West are on the threshold of a new economic era. Our common problems have a common solution — economic growth without inflation," he said.

Meanwhile, Mr Volcker, testifying before the Senate banking committee, said he believed that consumer loan rates "not only should but will" come down within the context of continued fiscal and monetary policy. However, he rejected suggestions that the Fed should ease its monetary controls further to bring interest rates down, and categorically denied that the Fed is targeting interest rates.

Printing more money "would only reinforce and validate the fears of renewed inflation" he said, and sooner or later lead to higher interest rates.

The Fed chairman repeatedly stressed that, within the context of large federal budget deficits, the key to lower interest rates in the U.S. remains market confidence that inflation will continue to fall.

UK trade deficit points to continued manufacturing slump

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN's trade performance appears to have suffered a serious deterioration in January, when the deficit on trade in goods, other than oil, reached £1bn ($1.53bn) — easily the worst ever recorded.

This contributed to a current account deficit of £261m in January, compared with a surplus of £738m in December.

Officials cautioned that too much reliance should not be placed on one month's figures, which were affected by large irregular movements in exports and imports. In the three months to January there was a current account surplus of £1,246m, compared with £1,264m in the previous three months.

The figures, released yesterday, suggest that the improvement of the trade figures in the last three months of 1982 may have been only temporary and that the underlying picture is closer to the gloomy projections which were being made in the early autumn.

The bad news on trade was matched yesterday by almost equally bleak figures showing that the slump in manufacturing investment was becoming still deeper, in the last three months of 1982. At the same time manufacturers and wholesalers were continuing to run down their stocks at a fast rate.

The continued run-down of stocks in the final quarter of 1982 was thought to be one reason behind the improved surplus on the current account of the balance of payments, which was nearly £2bn for the period.

In January, however, the current account turned into a deficit of £260m, the largest deficit since the autumn of 1979. This deficit compared with a surplus of £738m in December and an average surplus of £650m each month in the final quarter of 1982.

In Whitehall yesterday the figure was regarded as something of a freak, since it resulted from a simultaneous large increase in imports and a fall in the volume of exports.

All the same, the current account deficit and the much more serious deficit on non-oil trade in goods, is causing considerable anxiety among officials.

Some deterioration of the balance of payments was expected, as a result of the fall in the value of sterling, which began last Autumn, and it is also possible that a renewal of stocks in January not yet shown in the figures may have sucked in increased imports.

It is also pointed out that the trade figures have been extremely erratic for the past two years. Even so there is a disturbing possibility that the underlying trends may be closer to those of the second quarter last year, when the volume of exports was running at 5 per cent below — and the volume of imports was 5 per cent above — the levels in the final quarter.

Any deficit at such a low state of the economic cycle is worrying, because increased activity in the UK has always tended to worsen the trade balance.

Brussels call for trade talks with U.S.

By John Wyles in Brussels and Nancy Dunne in Washington

THE EUROPEAN Commission has intensified its search for a diplomatic settlement to the EEC's agricultural trade row with the U.S. by urging Mr George Shultz, the Secretary of State, to set up a top-level meeting next month.

The Commission's request was put by its President, M Gaston Thorn, in a letter to Mr Shultz. Herr Hans Dietrich Genscher, West Germany's Foreign Minister and President of the EEC Council of Ministers, has also written to Mr Shultz urging the Reagan Administration not to repeat the recent subsidised sale of 1m tonnes of U.S. wheat flour to Egypt, a market traditionally supplied by France.

The U.S. Agriculture Department is officially saying little but department officials said yesterday they would not be deterred by EEC warnings that another similar deal would not be tolerated.

The department is reported to be considering several more subsidised deals. One is a dairy sale to Egypt, not expected to be ready for approval until mid-March.

Another more complex scheme would subsidise the sale of soya bean oil to India and give the leftover soya bean meal to poultry producers, who could then offer cheaper poultry in EEC markets.

The State Department, however, would have to approve another subsidised deal of any magnitude, and threats of more trouble with its European allies are taken more seriously there. Mr Shultz testified last week that a trade war would "have a devastating impact."

Meanwhile, the White House has announced that the U.S. cargo preference law is applicable to the Egyptian sale and this means the cost of shipping the wheat flour could be increased by 150 to 300 per cent.

The ruling apparently followed pleas from the ailing maritime industry.

The EEC Commission expects the meeting proposed by M Thorn to be in Washington.

Venezuela bank action backed

BY ALAN FRIEDMAN IN LONDON

THE Amsterdam-Rotterdam Bank (Amro), one of the seven shareholders in the European Banking Company (EBC), yesterday gave its full backing to a default call and legal action which EBC's Brussels arm has undertaken against Venezuela's state-owned Banco Industrial de Venezuela. The consortium includes Deutsche Bank and Midland Bank.

Another of EBC's seven bank shareholders claimed last night it had not been properly informed of the action, but it is understood that a board meeting at EBC which was attended by shareholders last Friday was informed of the move and gave its approval.

Under the action, EBC's Brussels office is suing Banco Industrial to recover $30m of 90-day interbank deposits it placed with the Venezuelan bank last September. The development comes at a sensitive time for Venezuela, which this week introduced a new two-tier exchange system and is also attempting to negotiate the refinancing of $6.6bn of foreign debt which matures this year.

One banker involved in Venezuelan affairs said last night he doubted whether further talks between Venezuela and its foreign creditor banks could proceed until the Banco Industrial matter is settled. "Their credibility must be restored very quickly," he said.

The EBC action could encourage other banks with lines out to Banco Industrial to act in a similar fashion.

Interbank credit lines are bank-to-bank deposits which provide the liquidity which helps banks to fund themselves.

Lord Richardson, the Governor of the Bank of England, in a recent speech, urged international banks to maintain such lines of short-term credit to foreign bank branches of debtor countries.

Renault buys Karrier

BY KENNETH GOODING IN LONDON

RENAULT, the state-owned French group, is to take full control of Karrier Motors which makes Dodge trucks in Spain and the UK.

The deal follows pressure from the Peugeot group of France which would prefer to turn its 50 per cent shareholding in Karrier into cash.

Some observers see the arrangement as a rather complex method of pumping more state money into Peugeot.

Karrier's issued capital is £60m but Renault paid FFr 150m ($22m) for its 50 per cent at the end of 1981. However, Peugeot would probably welcome any reasonable sum after losses of FFr 6lm in the last three years — with 1982, when it hoped to be back in profits on its French operations, possibly the worst year with a probable deficit of FFr 2.3bn.

Peugeot acquired the Dodge trucks operations along with the other European automotive business of the Chrysler Corporation in 1979. In December 1981, Dodge was re-named Karrier and Renault Vehicules Industriels (RVI), Renault's commercial vehicle subsidiary, acquired 50 per cent and took management and financial control.

Since then Karrier has been extensively reorganised involving among other things a reduction in the British workforce

Rumasa takeover

Continued from Page 1

The Rumasa holding company (Ruiz-Mateos S.A.), whose main shareholder was Sr Jose Maria Ruiz-Mateos, its chairman, and several other quoted companies were included in the measure.

The Bank of Spain's efforts over five years to obtain full audits of the group had met with "evident resistance" according to the Minister.

The loans and investments of the banking branch excluding the largest, Banco Atlantico, which is more independent — were on average 62 per cent concentrated in Rumasa companies, and in one case 82 per cent, Sr Boyer indicated.

The banks' holdings in Rumasa companies were reckoned to have been valued at five times their real worth, and in the case of one, Banco Industrial del Sur, 10 times.

● The Rumasa banks which have been taken over, in order of the size of their assets are: Banco Atlantico; Banco Industrial del Sur; Banco Alicantino de Comercio; Banco del Noroeste; Banco Condal; Banco Latino; Banco de Jerez; Banco General; Banco Comercial de Cataluna; Banco Peninsular; Banco de Extremadura; Banco de Sevilla; Banco del Oeste; Banco de Murcia; Banco del Norte; Banco de Albacete; Banco de Toledo; Banco de Huelva.

Carajas ore project delay

Continued from Page 1

minium and alumina projects, under construction near Belem by a consortium of Japanese companies working with CVRD, will probably be stretched by up to two years.

The Paragominas bauxite find, an enormous deposit of 1.1bn tonnes in which Rio Tinto Zinc and CVRD are partners, has been "frozen" indefinitely, according to the Brazilian company.

Even the Jari cellulose and kaolin project, once the "kingdom" of American shipping magnate, Mr Daniel Ludwig, on the Amazon's north bank, has suffered from the federal government's financial constraints since its nationalisation by a consortium of Brazilian companies last year.

The Carajas project already has firm advance orders for 24m tonnes of ore a year from Japanese and European steel mills. External financing totalling approximately $1.6bn has also been raised.

CVRD says the financial cost of the year's postponement will be small because only a fraction of the foreign loans have been drawn down so far.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	8	46	Dubrovnik	S	6	43	Malaga	C	15	59	Salzburg	F	3	37
Akrotiri	F	10	50	Faro	F	17	63	Malta	C	12	54	Seoul	F	6	43
Algiers	S	19	66	Florence	S	8	46	Manila	S	31	88	Singapore	R	34	93
Amsterdam	S	5	41	Frankfurt	S	3	37	Miami	F	18	64	Stockholm	R	1	34
Athens	S	5	41	Funchal	C	18	64	Milan	S	6	43	Strasbourg	F	4	39
Bahrain	S	17	63	Geneva	Sl	0	32	Moscow	C	-3	27	Sydney	F	25	77
Bangkok	S	32	90	Gibraltar	C	14	57	Munich	S	-2	28	Taipei	C	17	63
Barcelona	C	14	57	Guernsey	Fg	8	46	Nairobi	S	26	79	Tangier	C	19	66
Beirut	C	12	54	Helsinki	S	-1	30	Naples	S	7	45	Tehran	—	—	—
Belgrade	S	2	36	H. Kong	R	18	64	New Delhi	C	24	75	Tel Aviv	C	13	55
Berlin	S	2	36	Innsbruck	S	3	37	New York	F	2	36	Tenerife	C	20	68
Biarritz	F	15	59	Inverness	S	4	39	Nice	C	9	48	Tokyo	Sn	8	46
Blackpool	C	5	41	Istanbul	C	-1	30	Oporto	R	15	59	Toronto	C	0	32
Bordeaux	F	14	57	Jersey	Fg	9	48	Oslo	F	-5	23	Tunis	C	12	54
Brussels	F	5	41	Jo'burg	S	29	84	Paris	R	7	45	Valencia	C	14	57
Budapest	S	5	41	Las Palmas	S	20	68	Prague	S	-2	28	Venice	S	5	41
B. Aires	R	28	82	Lima	S	29	84	Reykjavik	C	3	37	Vienna	S	0	32
Cairo	C	18	64	Lisbon	D	15	59	Rio de J'o	S	37	99	Warsaw	C	-2	28
Cape Town	S	24	75	Locarno	S	4	39	Rome	S	9	48	Zurich	S	-1	30
Caracas	C	30	86	London	C	6	43								
Casablanca	S	18	64	Los Angeles	R	11	52								
Copenhagen	S	3	37	Luxembourg	C	4	39								
Corfu	S	8	46	Madrid	C	14	57								
Dublin	C	7	45	Majorca	F	15	59								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Andermatt (Sw)	60–260 cm	Worn patches on lower slopes
Les Arcs (Fr)	150–200 cm	Good skiing on all slopes
Arosa (Sw)	90–160 cm	Excellent skiing on good base
Avoriaz (Fr)	70–180 cm	Thaw making snow heavy
Courmayeur (It)	80–170 cm	A few icy patches
Crans (Sw)	40–110 cm	Bad visibility on top runs
Davos (Sw)	80–190 cm	Good skiing on upper pistes
Grindelwald (Sw)	30–130 cm	Piste skiing remains good

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col)	20– 60 ins	Packed powder on all runs
Hunter (NY)	20– 76 ins	Groomed trails, 35 runs open
Park City (Ut)	0– 96 ins	Packed powder, all runs open
Squaw Val (Cal)	78–366 ins	Packed powder
Stowe (Vt)	18– 60 ins	Packed powder, loose granular
Sugarbush (Vt)	9– 25 ins	Packed powder, loose granular

Figures indicate depths at top and bottom stations.

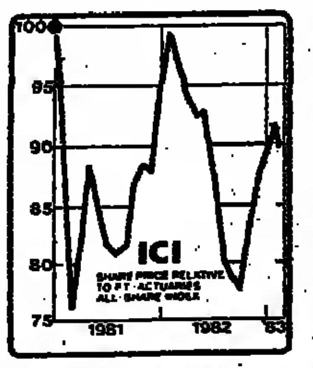
THE LEX COLUMN

Hopes deferred at ICI

ICI's petrochemical business had a much tougher time in 1982 than the company expected, and if anything conditions were worse at the end of the year than at the beginning. The fourth quarter pre-tax profit halved to £58m compared with the same period in 1981, with a petrochemical trading loss of £39m taking the shortfall here to £139m for the year. Petrochemical demand fell away in the closing months, especially in the UK, and prices remained sticky. A £52m jump in the depreciation charge was an additional drawback, while the conservative accounting policy on export debtors may have switched £10m to £20m of profits forward into the current quarter.

The share price shot down 19p on the release of the figures, but the market quickly decided that it was a case of recovery deferred, not cancelled. So the shares recovered smartly to close a bare 2p lower at 374p. Certainly the picture in the current quarter looks a lot brighter. Translation benefits at current exchange rates may be worth £50m in a full year, while D-mark price cuts by the West German producers on the back of a falling naphtha price still leave room for respectable increases in terms of sterling. This might be worth another £50m.

While the agricultural business was squeezed as Norsk Hydro entered the market, the pharmaceutical division put on another powerful performance by pushing trading profits up 53 per cent to £138m. The fall in sterling should bring further benefits for this business in the current year. The productivity improvements through the group leave it more than ever highly geared to a recovery in demand. But even without much of a pick-up, ICI should be able to make £400m pre-tax, against £259m. The yield is 7.6 per cent.



Plessey

Improved profitability in its telecommunications division is the outstanding feature of Plessey's third quarter, also distinguished by its December agreement to sell the IDX private exchange to British Telecom. Stromberg-Carlson in the U.S., consolidated for the first time, has lost £1.6m on sales of £107m and is expected to lose perhaps another £4m in the fourth quarter.

Leaving this out of account, however, the division has lifted its operating margin to just over 19 per cent, against 15.3 per cent in the second quarter and 14.7 per cent a year earlier. Telecommunications have contributed 66 per cent of Plessey's operating profit in the three months to December, in which the group's total pre-tax profits have climbed 17.9 per cent to £28.8m.

Elsewhere, margins have shrunk further in aerospace, where the U.S. business has had an especially weak quarter, and the computer peripherals division, again in the U.S., has stayed unprofitable throughout 1982 and is still losing about £1m a quarter. But as well as the strength in telecommunications, Plessey's microelectronics subsidiaries have increased both margins and volume. Electronic systems have also done well even without any significant defence contract closures, which should feature in the fourth quarter. Pre-tax estimates for the 1982-3 year remain unchanged at £135-140m and the shares dropped 7p to 353p. On this form, perhaps they could benefit from some extra exposure for Plessey in the US — where a lawsuit over the IDX has loomed only this week.

Hong Kong

A budget with no unpalatable surprises for business was sufficient to send Hong Kong's Hang Seng Index into another of its sudden gyrations yesterday as it romped back through the 1,000 level to close 38 points up at 1030.9. The index plummeted through 1000 last September when Mrs Thatcher brought uncertain tidings from China, subsequently bottoming in mid-November at 676.

Nothing on the political front has substantially changed since Mrs Thatcher's visit, but the index has been steadily recovering this year as it caught up with the rise in other Pacific basin markets.

Institutional buying from overseas seems to have provided the main pressure for yesterday's increase. Many of the big local investors are short of liquid funds after a disastrous year in the property market, while the imminence of the big corporate reporting season lends plenty of grounds for short-term caution about the Hang Seng's recovery. Longer term, investors are looking for improved private sector industrial profits this year. By historic standards, the plans for 1983/84 GDP growth of 4 per cent may look modest; but after the recent fallibility of the Government's forecasting, meeting even this would be an achievement.

Saab

After the hefty 66 per cent jump in Volvo's reported pre-tax profits, Saab followed suit yesterday with figures which also belied the recession. With pre-tax profits rising by 33 per cent to SKr 1.38bn, the Swedish group has raised dividends from SKr 8 to SKr 9 a share, while offering an irresistible discount on a 1 for 5 rights issue — priced at SKr 140 a share against last night's price of SKr 325.

The impact of the 16 per cent devaluation of the Swedish krona last October is shown by the acceleration in profits in the last third of the year to almost half the year's total. But Saab's range of turbo cars also seems to have caught the U.S. mood, helping to push up unit sales by 14 per cent. Aircraft volume has remained steady, and while commercial vehicle unit sales were down, Saab avoided the worst impact of deteriorating world markets by maintaining Opec orders. These Middle East markets are now evaporating along with the oil price, but Saab should be cushioned to some extent by the pick-up in the U.S. car market.

Markets

As suspected, the pre-Christmas consumer boom proves to have been soaked up by another round of destocking. The January trade figures suggest this is now being reversed, although too much should not be read into a single month's figures, especially given the distortions that may have been created by the fall in sterling. Gilt-edged, nevertheless, took time off the Opec obsession to lose earlier gains.

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SECTION II – INTERNATIONAL COMPANIES
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Friday February 25 1983

Klöckner chief rejects claims of financial crisis

BY JAMES BUCHAN IN BONN

KLÖCKNER-WERKE, the troubled West German steelmaker seeking to take part in a wide-ranging merger plan for the industry, has rejected reports that it is in critical financial difficulties.

"There is no crisis at Klöckner," Herr Herbert Gienow, chief executive, said in Duisburg. "The crisis is in public opinion about us."

Responding to reports that Klöckner was on the brink of insolvency, Herr Gienow said that the concern's liquidity position "though not yet good, has got significantly better in the past week."

He said confusion had arisen over a request for the Bonn Government to provide DM 400m ($166m) in aid. This demand, he said, was in line with the restructuring plan and would be used "well into the future." The banks and Klöckner and Co, which has a 10 per cent stake in the steelmaker, were being helpful, he said.

Under the plan put forward in January to rationalise the entire industry, Klöckner was to merge with Hoesch of Dortmund and Salzgitter of Lower Saxony to form a "Ruhr group" to balance a Thyssen-Krupp merger on the Lower Rhine.

But after a second round of talks between chief executives of the three Ruhr group companies and Count Otto Lambsdorff, the Bonn Economics Minister, progress has been undramatic.

Hoesch, which is far from enthusiastic about the plan is also anxious about Klöckner's financial situation and fears that the Klöckner works in Bremen, particularly the large and modern wide-strip mill, are both unsuitable and overvalued for merger purposes.

Count Lambsdorff, who is holding back any Bonn aid until the companies agree on a concept, announced this week that the three concerns had at least agreed to compare the technical capabilities of their individual wide-strip mills.

Until now, Klöckner, which was ejected from the producers' club in 1980 for exceeding production quotas at Bremen, has not formally provided information to the other companies.

Herr Gienow said in Duisburg that the wide-strip mill, which is working at just under 50 per cent capacity – the break-even point – had been written down to a book value of DM 258m at the end of last September. Although the concern has been losing DM 40m a month since then, Herr Gienow detected a slight improvement in the market for flat products.

The most important union involved, IG Metall, which has deep reservations about the overall plan, yesterday called for the federal and regional governments to guarantee that none of the companies goes into bankruptcy.

Loss triples at Cii Honeywell Bull

By David Housego in Paris

CII HONEYWELL BULL, the French state-controlled computer group, expects to return to profit by 1986 after bringing to fruition its "ambitious, but realistic" development plans, M Jacques Stern, chairman, announced yesterday when he revealed that the company had tripled its consolidated net loss last year from FFr 449m in 1981 to FFr 1.35 ($198.5m).

Turnover rose by 10 per cent to FFr 8.13bn, of which 43 per cent was generated by operations outside France.

The group's heavy financial charges, which rose last year to FFr 772m or 9.5 per cent of turnover, was a major factor behind the losses. The group's aim is to bring this down to 4 per cent in 1986. Its outstanding debt at the end of last year had reached the "excessively large" figure of FFr 5.6bn, the group said.

Cii blames its heavy borrowing on under-capitalisation before nationalisation. Over the last three years it financed FFr 3.9bn of investments without any contribution from shareholders, the group said yesterday.

Also weighing on last year's balance sheet was a heavy programme of internally financed research and development, equivalent to 9.3 per cent of turnover.

Better car sales boosts Saab income by 33%

BY DAVID BROWN IN STOCKHOLM

SAAB-SCANIA, the Swedish truck, car and aerospace group, increased its earnings by 33 per cent to SKr 1.38bn ($185m), due mainly to higher car sales. Group sales for 1982 advanced 16 per cent to SKr 18.7bn.

Nearly SKr 600m in earnings was generated in the last four months of the year. The company said year-end results exceeded expectations.

Income per share reached SKr 34.80 from SKr 26.35 in 1981. Currency and other financial losses charged against income, at SKr 2m, grew by SKr 74m over 1981, due mainly to the devaluation of the Swedish Krona last October. Company officials said the devaluation is expected to have a positive impact on car sales in 1983. Foreign sales, which grew by 17 per cent last year, account for nearly 60 per cent of total group sales.

Car sales climbed by 32 per cent, with an increase in deliveries noted on all markets. Volume in the U.S. market grew by 14 per cent. Saab has stepped up its production rate and has announced plans to increase capacity.

Volume at the Scania truck division was down slightly due to a poor world market, but total sales were up by 8 per cent to SKr 9.74bn. Market share was said to have increased, particularly in Western Europe and South America, and earnings remained consistent with 1981 levels.

The aerospace division noted 8 per cent higher sales at SKr 1.7bn. Earnings were said to be unchanged, due to high investment in the development of both the JAS multi-role fighter aircraft and the SF 340 commuter aircraft which has been jointly built with Fairchild Industries of the U.S. The first aircraft was rolled out in October, and deliveries are scheduled to begin in April 1984.

The board has proposed a capital increase of SKr 566m to finance development of its next generation of cars, as well as capital needs for start-up and marketing of the SF 340. An option of one new share is to be offered for every five old shares.

The recommended dividend on existing common shares is SKr 9, up SKr 1 over 1981. The dividend on preferred shares is to remain unchanged at SKr 2.50.

At year-end, the preliminary report notes a doubling of group assets to SKr 2.4bn. Spending on plant and equipment was up slightly at SKr 1.8bn. The pre-tax return on total capital employed, excluding non-interest bearing liabilities, grew from 18.2 to 20.4 per cent.

MacMillan Bloedel plunges into red

By Nicholas Hirst in Toronto

MACMILLAN BLOEDEL, the Vancouver-based forest products group, has reported a record net loss of C$57.3m ($46.6m) for 1982, compared with net earnings of C$3.3m the previous year.

Mr Clavert Knudsen, chairman and chief executive of the group which is 49 per cent owned by Noranda Mines, blamed the loss on the worldwide recession.

Newsprint had been hit by over-capacity and Swedish currency devaluation. The construction industry had been hit by high interest rates, cutting demand for lumber and linerboard. Prices had softened as U.S. producers have sold off stocks.

Mr Knudsen said that by mid-1983 the company should return to profit and be at least marginally in the black for the full year. He said: "Preliminary indications of a long-awaited recovery began to appear by the end of 1982.

"Both inflation and interest rates have fallen off in the U.S. As a result, housing has become more affordable, thereby stimulating residential construction. Lumber prices, particularly in North America, have improved although they have fallen back somewhat in recent weeks." Mr Knudsen also expected a pick-up in demand for other products.

The group's operating loss before interest and closure costs and special items was C$66.8m against a loss at the same level a year earlier of C$7.3m. The pre-tax loss was C$191.5m which included closure costs of C$65.7m and interest charges of C$78.3m.

A number of extraordinary gains such as a C$36m profit from sales of tax credits and C$95.3m from income tax credits enabled MacMillan Bloedel to report a net loss of C$57.3m for last year.

UBS lifts annual net profits by 14.6% to record $214.5m

BY JOHN WICKS IN ZURICH

UNION BANK of Switzerland (UBS) increased net profits over the year by 14.6 per cent to a record level of SwFr 437.5m ($214.5m) it was announced yesterday. All branches of business contributed to the increase.

While earnings from precious-metals and foreign-currency trading rose by only 1 per cent to SwFr 330.9m, net income from interest, bills of exchange and money market paper went up by about 25 per cent to SwFr 1.07bn.

Net commission income was also up by some 10 per cent to SwFr 806.5m as was income from securities, by as much as 37 per cent, to SwFr 284.2m. This was the result of an expanded portfolio and higher interest rates.

At the bank's general meeting on April 7, the board is to recommend payment of unchanged dividends of SwFr 100 per bearer share, SwFr 20 per registered share and SwFr 4 per participation certificate. An increase of SwFr 150m, against only SwFr 110m in 1981, will be transferred to reserves in view of "greater risks and the expanded business volume."

The balance-sheet total grew by 13.5 per cent in 1982 to a record SwFr 106.3bn ($52.1bn). Of the increase over the 1981 figure of some SwFr 12.6bn, about SwFr 3bn came from the higher dollar rate and changes in the precious metal accounts. Without these special factors, the balance sheet would have grown by only about 10 per cent.

Loans and advances to clients rose by 9 per cent to SwFr 47bn. A deceleration in this sector and a further slowing down in the second half of the year are developments attributed by the bank to the recession. However, the total due from banks rose by 25 per cent over the year to SwFr 30.9bn.

Clients' deposits rose by 23 per cent to SwFr 67.4bn including a 25 per cent increase in savings accounts. However, the total due to banks dropped by 8 per cent to SwFr 25.2bn.

The bank announced an increase in share capital by SwFr 115m to SwFr 1,515m. This will be carried out by two transactions: a rights issue of new bearer shares and the issue of registered shares.

The 190,000 new bearer shares, with a nominal value of SwFr 95m and each with a face value of SwFr 500, will be offered to existing shareholders at SwFr 1,000 each and at a rate of one new share for every 15 bearer shares, 75 registered shares or 375 participation certificates.

Credit Suisse up 9.8% in full year

BY JOHN WICKS IN ZURICH

CREDIT SUISSE, Switzerland's third largest bank, reported record net profits of SwFr 303m ($148.8m) for 1982.

This 9.8 per cent increase follows a jump in gross earnings of 41 per cent to SwFr 661.7m ($324.4m) although in view of what the Zurich bank calls "currently prevailing risks," depreciation and provisions deducted from this gross total were almost doubled to SwFr 358.8m.

At its annual meeting on March 25, the board is to recommend payment of unchanged dividends of SwFr 80 per bearer share and SwFr 16 per registered share. Shareholders will also receive payment of SwFr 2.50 per bearer participation certificate and 50 centimes per registered participation certificate of CS Holding. This company was formed last year and its stock is inseparably linked to Credit Suisse shares.

The bank, which in 1981 recorded a negative interest balance of SwFr 83.6m, reported net interest earnings for last year of SwFr 141.3m, although income from bills discounted and money market paper declined by 13.1 per cent to SwFr 394.3m.

Net commissions earnings rose 8.8 per cent to SwFr 566.5m and income from securities by 49 per cent to SwFr 327.5m. Earnings from foreign exchange and precious metal trading dropped by 13.7 per cent to SwFr 299.6m.

The balance sheet total remained virtually unchanged over the year at SwFr 73.5bn. Due to a "strongly selective credit policy," discounts declined by SwFr 1.42bn to SwFr 2.69bn and loans and advances by SwFr 825m to a combined total of SwFr 38.8bn.

This development has led to a drop of nearly a quarter in the due-to-banks sum to SwFr 17.4bn, while the due-from-banks total remained unchanged at SwFr 18.26bn.

Recession hits Moore for second year

By Robert Gibbens in Montreal

POOR economic and business conditions hit earnings and sales for the second year running at Moore Corporation, the world's largest maker of business forms.

Reduced customer-demand, excess capacity and depressed prices left net profits for 1982 down 11.4 per cent at $102.2m, or $3.53, a share compared with $115.4m, or $4.12, the previous year. Sales slipped from $1.88bn to $1.85bn.

The fourth quarter contributed $31.1m or $1.10 a share, slightly lower than the $32.3m, or $1.15, reported in the year earlier period, on sales which dropped 6.2 per cent to $468.7m from $497.4m.

The company, which is based in Toronto but does more than 60 per cent of its business in the U.S., is expecting some improvement in its earnings in the current year if the U.S. economy continues its upturn.

Apart from its U.S. operations, Moore has also major interests in Europe, including Lamson Industries, the UK office equipment company.

Storebrand-Norden earnings fall below pre-merger levels

BY FAY GJESTER IN OSLO

STOREBRAND-NORDEN, the large Norwegian insurance concern formed by the merger last year of the Storebrand and Norden groups, saw 1982 pre-tax profits on accident and other non-life business fall to NKr 175m ($24.5m), NKr 100m less than the total achieved by the two groups in 1981.

According to preliminary figures, an increase of NKr 60m in investment income, to NKr 428m only partially offsets a 20 per cent rise in costs and an NKr 99m fall in earnings on non-life activities.

Motor underwriting, in particular, continued to show heavy losses. Higher premiums introduced last year failed to keep pace with a steep rise in the number of claims and the cost of repairs. The combined sector also showed a high claims rate, but fire business was better than in 1981 and some special sectors made good profits – among them accident, responsibility, credit, marine and transport.

Gross premium income in 1982 reached NKr 4.6bn – 13 per cent up on the 1981 total for the two groups. Foreign business rose by 16 per cent to NKr 1.8bn and Norwegian business by 11 per cent to NKr 2.7bn.

The board expects the steady rise in investment income – a trend that has continued for several years – will slow in 1983. This means that premiums will have to be increased, and costs curbed, if results this year are to be better than in 1982.

The full account will be published around May 10, and the concern's annual shareholders meeting is scheduled for June 2.

● A relaxation of restrictions on foreign insurance companies seeking to do business in Norway would benefit Norwegian industry, the federation of industry believes.

In a letter to the Ministry of Social Affairs, which is considering the revision of present laws regulating the insurance sector, the federation says it does not believe Norwegian insurance companies would suffer if curbs on foreigners were relaxed. The change would stimulate competition and could lead to lower premium for industry.

Schickedanz suffers sales setback

BY JOHN DAVIES IN FRANKFURT

THE SCHICKEDANZ group of West Germany, which includes the Quelle mail-order house, suffered a slight setback in sales last year as the domestic market weakened.

After rapid expansion in recent years, total sales slipped 1.5 per cent to DM 10.42bn ($4.32bn).

While the group's mail-order business fell in West Germany, it expanded abroad, especially in France. At the same time, the group boosted sales from its industrial enterprises, including paper works.

Mail-order purchasing, which is highly developed in West Germany, suffered a general decline last year, with the industry's overall sales down 4.3 per cent.

Quelle, while maintaining its position as Europe's largest mail-order group, recorded a more than proportional decline of 4.6 per cent in home market mail order sales to DM 4.87 bn. Including retail store and showroom operations, its German sales were down 4.2 per cent to DM 7bn.

However, Quelle's mail-order business grew 14.5 per cent in France to DM 482m and 1.8 per cent in Austria to DM 212m.

The group also found a growing, if relatively small, market for women's clothes in Japan, where its articles are sold through the Matsuzakaya stores concern.

Frau Grete Schickedanz, head of the concern, said that, despite economic uncertainties, the group would push ahead this year with an investment programme of DM 170m, including modernisation of its headquarters at Fürth, near Nuremberg.

Dow Chemical forecasts steady upturn

MICHIGAN – Dow Chemical the large diversified U.S. chemicals group, will not come close in this year's first half to the $351m, or $1.82 a share, that it earned in the first half of 1982.

Mr Paul Oreffice, president and chief executive, said the recent improvement in Dow's business was from a low point in the final period of last year when a worldwide slump in its commodity – chemicals business left it with net income of only $13m, or 7 cents a share, compared with $67m, or 35 cents, a year earlier.

But Mr Oreffice was "looking for a real improvement in business this year," and expected results to improve steadily during 1983.

He said the company should easily exceed the $48m, or 25 cents a share, earned in the second half of 1982, and that its operating rate would probably rise to between 72 per cent and 75 per cent of capacity from the present 65 per cent. However, he declined to forecast full-year results.

AP-DJ

Turner talks with CBS and Time

By Richard Lambert in New York

TURNER Broadcasting System, the pioneering cable television group run by Mr Ted Turner, has been holding talks with a number of bigger companies with a view to exploring "possible areas of mutual assistance including the possibility of combination in some form of business interests."

The discussions were described yesterday as "only exploratory" but they are expected to continue. Mr Turner said that among the other companies involved were CBS, Time Inc and Gannett.

Turner Broadcasting launched its cable news network in 1980 and sustained losses of around $15m from its news operations in the first nine months of 1982.

But in the third quarter of the year it reported its first overall profit from operations since the news network was started.

Migros group turnover increases to $4.52bn

BY OUR ZURICH CORRESPONDENT

CONSOLIDATED turnover of the Migros Co-operative, Switzerland's largest retail group, rose by 3.6 per cent last year to SwFr 9.23bn ($4.52bn). Of this total, actual retail sales rose by 4.2 per cent to SwFr 7.92bn or at a faster rate than the 3.3 per cent increase for the Swiss retail sector as a whole. A share of 27.8 per cent of the combined turnover of the regional Migros Co-operatives was accounted for by the group's own production.

The Migrol filling station chain showed a slight rise of 0.5 per cent to SwFr 508.1m in its external sales, while turnover of the Hotelplan travel agency dropped by 2.4 per cent to SwFr 492.9m and that of the book and record club, Ex Libris, by the same percentage to SwFr 88.7m.

Outside the consolidated figures, the Migros Bank in Zurich had a 13 per cent growth in its balance sheet total to SwFr 2.85bn and increased net profits of SwFr 8.75m. The balance sheet of Migros Bank in Düsseldorf went up by 19 per cent to DM 231m (C$96m) as of October 31, 1982, with net profits up from DM 1.1m to DM 1.6m before tax. In the Insurance sector, the Zurich-based Secura subsidiary showed a rise of 12.6 per cent to SwFr 107.6m in premium income.

● The American ski manufacturer Trak has bought up the 75 per cent stake held by the Swiss businessman Walter Hauenstein in the Austrian ski company Kneissl. Trak had already owned the remaining 25 per cent of the shares.

After serious financial difficulties, Kneissl was taken over in February, 1981, by a consortium consisting of a construction company controlled by Mr Heuenstein, the Trak group and the Austrian sports clothes manufacturer Carinthia.

Kneissl is now said to have been successful in building up an international sales network.

Varta expects stable results

By John Davies in Frankfurt

VARTA, the West German battery manufacturer, expects to report stable profits for 1982, despite a marginal drop in sales.

The group suffered a 45 per cent drop in profits in 1981 to DM 18.3m ($6.76m), because of rising costs and the effects of recession on customers, including car-makers.

In an interim report yesterday, Varta said that 1982 results were likely to be broadly the same as in the previous year, mainly as a result of cost-saving measures.

INTERNATIONAL COMPANIES and FINANCE

Hong Kong budget boost for certificates of deposit

BY ROBERT COTTRELL IN HONG KONG

HONG KONG'S growing market for certificates of deposit (CDs) received a boost in this week's budget when Mr John Bremridge, the Financial Secretary, announced that the Government would, subject to certain restrictions, categorise CDs held by local banks as liquid assets.

CDs are interest-bearing notes issued by banks against deposits and are usually negotiable. Bankers have argued that the market for CDs in Hong Kong would gain depth if they were admissible as specified liquid assets, which are the readily-cashable assets which banks must by law hold to the equivalent of 25 per cent of their deposits.

Mr Bremridge has opened the door to CDs, though not as far as some bankers might have liked. As from April 1, banks and licensed deposit-takers, the top two tiers of Hong Kong's three-tier credit structure, may hold 2 per cent out of the required 25 per cent of specified liquid assets in the form of CDs. The CDs must be within three years of maturity and must be readily marketable in the view of local banking authorities. They must also be denominated in Hong Kong dollars, or a foreign currency freely convertible into these, and they must be issued in Hong Kong by licensed banks and licensed DTCs.

Mr Bremridge acknowledges that the new provisions for CDs could allow the creation of net liquidity within the monetary sector. He says he is "prepared to accept this on the moderate scale envisaged," but adds that the authorities will guard against the issue of CDs just to create such liquidity.

The banking authorities will usually be satisfied as to the admissibility of CDs where these have been issued and marketed by a third party. Where a bank wishes to count CDa issued directly to it by another bank, says Mr Bremridge, the Banking Commisioner "will require convincing as to the motive for the issue."

The CD provisions exclude registered Deposit-Taking Companies, the third and lowest tier of the credit structure. This appears to reflect a generally cautious official view of registered DTCs.

Some bankers believe Mr Bremridge is "testing the water," and that CD regulations may be liberalised as and when the market gains in depth.

Weak demand hits Matsushita

BY YOKO SHIBATA IN TOKYO

MATSUSHITA Electric Industrial, the world's largest integrated electrical appliances maker and its 83 consolidated subsidiaries, which include Victor Company of Japan (JVC), had an earnings slowdown in the year ended November 20, 1982. The slowdown was attributed to poor worldwide demand and lower financial net income resulting from higher borrowings by U.S. consolidated subsidiaries.

Consolidated full-year net profits were Y157bn ($670m) up only 0.3 per cent, with sales of Y3,650bn up 5.7 per cent. Because of a share increase through a U.S. convertible debenture issue, consolidated per share profits were diluted to Y100.79, against Y101.48 previously.

In January Matsushita reported parent company net profits of Y95.7bn, up 14.4 per cent, with profits per share of Y60.69, up from Y58.5 in the previous year.

In the past year, for the group as a whole, sales of its video equipment sector including VCRs, and television sets grew by 20 per cent to account for 37 per cent of total consolidated sales.

Thanks to higher sales of office automation equipments, sales of the group's communication and industrial equipment sector moved up by 7 per cent to account for 12 per cent of the total. Owing to the deep recession in the audio equipment market, sales of audio equipment slumped by 11 per cent.

Overseas sales rose by 7 per cent to account for 46 per cent of the total with domestic sales 5 per cent higher than in the previous year.

Intensifying competition, stagnant overall sales and falling net financial incomes (down by Y4.8bn, to Y25.8bn) arising from higher borrowings by its U.S. consolidated subsidiaries all pushed earnings down. Profits before tax declined 0.7 per cent to Y429bn.

In the current fiscal year, ending November 1983, no recovery in sales of audio equipment or of consumer electrical appliances is forseen.

Only sales of the information and industrial equipment sector are expected to grow, by some 8 per cent. As a result consolidated full-year net profits are forecast as staying at the previous year's level with sales up by 3 per cent at Y3,760bn.

Profits setback at Asahi Glass

BY OUR TOKYO STAFF

ASAHI GLASS, Japan's largest sheet glass maker, which is well diversified into chemicals, suffered a 10.9 per cent setback in its unconsolidated pre-tax profits in 1982.

Affected by the fall in demand from car and television set makers and rising raw material prices, full-year net profits fell by 4.4 per cent to Y22.6bn ($96m). Sales were Y505bn, up 6.5 per cent from the previous year. Profits per share were Y23.05, compared with Y24.14 in the previous year and the yearly dividend was unchanged at Y8.

Sales of glass were sluggish, rising by only 0.8 per cent to account for 53.7 per cent of total turnover. Sales in the chemical sector rose by 14.2 per cent to account for 39.5 per cent of the total, thanks to good results in fine chemical products centring on caustic soda. Royalty income for the company's caustic soda manufacturing process also contributed to this sector's sales improvement.

Sales of ceramics fell by 11.3 per cent to account for 3.4 per cent of total turnover, reflecting lower demand from the steel and cement nidustries.

In 1983 the company sees continued sluggish demand for its profitable valve glass products and a higher investment burden for research and development of new product lines.

Full-year pre-tax profits are projected at Y45bn, up 10.8 per cent over the previous year. Net profits are expected to reach Y23bn, up 1.5 per cent, on projected saels of Y540bn, up 7 per cent.

Earnings plunge at BHP affiliate

By Lachlan Drummond in Sydney

NET EARNINGS of Tubemakers of Australia, the almost 50 per cent owned affiliate of Broken Hill Proprietary (BHP), plunged from A$12.14m to A$3.11m (US$3m) in the half year to December 31 as sales dropped by 17.5 per cent to A$261.84m.

The company said demand for its steel pipe and tubular goods was severely curtailed by depressed conditions in the manufacturing, construction, mining and rural industries. Its manufacturing operations were hit hard by lower throughput.

Steps taken to scale down operations and reduce costs and recent spending on new machinery had been to no avail against reduced demand, price pressures, and retrenchment costs.

The latest half continues the trend of last year when total profits were 29 per cent down at A$18m after second-half net income was halved to just A$6m.

The latest result was arrived at after depreciation rose from A$4.2m to A$5.5m and interest charges went up by A$200,000 to A$3.48m. Tax totalled A$1.46m against A$9.23m.

The interim dividend has been cut from 5 cents to 2 cents.

Australian Toyota offshoot in the red

By Our Sydney Correspondent

Australian Motor Industries, the 50.1 per cent owned Toyota affiliate, incurred a loss of A$6.87m (US$6.7m) in its first half-year to December 31 1982, on sales down 6.1 per cent to A$185.6m.

The loss compares with a A$906,000 deficit in the corresponding period last year and represents a sharp reverse from the A$5.7m profit for the closing six months of 1981-82.

Directors attributed the loss to a downturn in the passenger car market, fierce competition and a build-up in stocks.

The latest result came after an increase in interest charges from A$1.36m to A$2.23m, depreciation of A$4.3m against A$4.5m and included investment income down from A$1.3m to A$1.03m.

The dividend was unchanged at 2 cents a share.

Philippines' largest construction group taken over by state

BY EMILIA TAGAZA IN MANILA

THE Philippine Government has taken over the Construction and Development Corporation of the Philippines (CDCP) by converting all of the company's outstanding 3.9bn pesos ($433m) debts to government institutions into a 90 per cent shareholding. CDCP is the largest construction company in the country and, reputedly, the largest in South East Asia.

Mr Roberto Ongpin, the Trade and Industry Minister and currently CDCP chairman, now becomes company president.

CDCP has about $1bn-worth of construction contracts, most of which are abroad, particularly in the Middle East, Hong Kong, Indonesia and Malaysia. In Iran, the company has obtained a $350m contract to build a six-lane highway.

Mr Ongpin said that with the Government at the helm of the company, CDCP can be expected to substantially increase the number of its international contracts. The company will act to further promote the sending of Filipino workers to the Middle East.

Remittances by Filipinos working overseas last year reached almost $1bn and is now the country's major source of foreign exchange. "We want to take advantage of CDCP as a vehicle for exporting skilled manpower overseas," Mr Ongpin said.

CDCP'S financial problems surfaced two years ago when the Philippine domestic capital market almost collapsed after Mr Dewer Dee, a Filipino-Chinese industrialist, disappeared from the country, leaving behind about $80m in unsecured debts. Financial institutions panicked and the market shrank drastically, leaving corporate borrowers scrambling for limited funds.

CDCP itself was then saddled with enormous short-term debts carrying high interest rates. To avert CDCP's collapse, the Government has provided an initial $72m in rescue funds.

Under that rescue plan, the state-owned National Development Company, the investment arm of the Ministry of Trade and Industry, has injected $33m in fresh working capital, while the central bank has extended another $39m in concessional loans.

Higher car premiums help recovery at S A Eagle

BY OUR JOHANNESBURG CORRESPONDENT

SOUTH AFRICAN EAGLE, the short-term insurance company, achieved an underwriting surplus of R1m ($907,000) in 1982 against a deficit of R3.4m in 1981. This was despite substantial claims in respect of fires and explosions during the year. Gross premiums written increased to R166.5m from R136.6m.

The improvement in the underwriting operations was largely due to higher premiums charged on motor vehicle insurance. The industry as a whole has complained for several years that motor rates were far too low but no one was prepared to break ranks and increase rates to economic levels for fear of losing market share.

The total dividend has been raised to 50 cents from 40 cents while earnings increased to 89.8 cents a share from 53.5 cents a share.

Bahrain OBU doubles income

BY MARY FRINGS IN BAHRAIN

UNITED GULF BANK (UGB), a predominantly Kuwaiti-owned Bahrain offshore banking unit (OBU) established in June 1980, has announced substantial growth in the past year.

Profits have more than doubled to $35.3m from $17.2m in 1981, and a total dividend of $25m to shareholders has been recommended. This is the equivalent of 12.5 per cent of the $200m paid-up capital. Following an increase in authorised capital to $250m in 1982, UGB made $18m rights issue and went public in July with a $32m share float, which was 77 times oversubscribed.

The balance sheet (1981 figures in brackets) shows total assets excluding contra items as $1,008m ($410m), loans to customers $357m ($181m), loans to banks $460m ($227m), liquid assets and marketable securities $117m ($44m) and deposits $725m ($305m).

UK COMPANY NEWS

ICI profit halved at £56m in last quarter

BY OUR FINANCIAL STAFF

PROFITS of Imperial Chemical Industries (ICI) were halved in the fourth quarter of 1982, falling from £1t4m to £56m before tax. Compared with the corresponding period of the previous year, sales improved from £1.83bn to £1.9Ibn.

For the whole of 1982, sales have come out at £7.36bn, compared with £6.58bn, and profit at £259m against £335m. A breakdown shows first quarter sales of £1.78bn (£1.49bn) and profit at £82m (£52m), second quarter £1.87bn (£1.6bn) and £83m (same), third quarter £t.8bn (£1.65bn) and £58m (£86m).

The dividend is being held at 19p net per share, with an unchanged second interim payment of 10p.

The sharp fall in the value of sterling in November can be expected to improve profitability, but there was no such benefit in the fourth quarter, the directors report.

Patterns of trading reported in earlier quarters continued throughout 1982. Profits from the worldwide pharmaceuticals business increased substantially from £90m to £138m and good profits continued to be made in the agricultural, oil, general chemicals, industrial explosives and paints sectors. As a result of more difficult trading conditions, however, these were not as high as in 1981.

These results were offset by serious trading losses in businesses most affected by the recession, particularly petrochemicals and plastics, which lost £139m, largely in Western Europe.

Fibres were hard-hit by falling demand but reduced their losses compared with 1981, as did organic chemicals, through further cost cutting and improvements in the pattern of business.

Of the t2 per cent increase in sterling sales value, 8 per cent arose from expressing overseas sales at lower sterling exchange rates. Chemical sales volume moved up by 3 per cent but selling price rises averaging 3 per cent were insufficient to recover increases in raw materials and other operating costs. Increased provision has been made for depreciation, reflecting a full year's operation of several major new plants commissioned in late 198t.

Chemical sales in the UK rose by 8.9 per cent from £1.89m to £203m while overseas they were up by 14.31 per cent from £3.85m to £4.4m.

Oil sales improved by t1.43 per cent from £831m to £926m.

Trading profit was down by 13.88 per cent from £425m to £366m as the prolonged recession depressed demand and price levels in many markets, particularly commodity chemicals.

Profits from overseas were also lower with an increase in the Indian sub-continent being more than offset by substantially – reduced profits in Australia and Canada, as these economies turned down sharply.

Earnings were down from 32.3p to 24.2p.

Territorially, the sales and trading profit were split as to: UK £4.63bn (£4.22bn) and £178m (£2t8m); continental Western Europe £1.17bn (£1.01bn) and loss £4m (loss £13m); the Americas £1.27bn (£1.08bn) and £53m (£63m); Australia and the Far East £1.06bn (£939m) and £72m (£94m); Indian sub-continent £189m (£99m) and £21m (£10m); other countries £105m (£99m) and loss £1m (profit £4m). Less inter-territory eliminations £1.07bn (£908m) and £11 (£11m).

New authorisations for fixed capital expenditure were £246m (£327m)

ICI chairman Mr John Harvey-Jones, left, and finance director Mr Alan Clements

Telefusion sharply ahead in first half

By Our Financial Staff

A SHARP improvement in profits is reported by Telefusion for the 26 weeks ended October 1982. At the pre-tax level they rose to £1.8m, a 24 per cent advance over the £1.45m returned for a 27-week period a year earlier.

In his interim report Mr J. M. Wilkinson, chairman, claims that current trading is at a very satisfactory level and that a substantial investment in video recorders and new technology television and cable systems will ensure future growth.

With stated earnings per 5p share increasing by 0.82p to 2.52p, the half-yearly dividend is being lifted from 0.74p to 0.82p per ordinary and A ordinary share. A final of 1.01p was paid for 1981/82 from taxable profits of £3.75m.

First – half turnover rose by a "satisfactory" 17 per cent to £43.5m (£37.03m) excinding VAT and was made up as to sales and service £30.25m (£24.72m) and rental £13.1m (£12.31m). The group's main activities are the sale, rental and service of electronic and electrical goods and the provision of cable television, viewdata and other electronic communication systems.

At the trading level profits expanded from £6.24m to £6.8m. To this, rents received added £114,000 (£84,000), interest received £158,000 (£170,000) and income from investments a same-again £15,000.

Deductions included £994,000 (£806,000) for interest charges, £3.66m (£3.83m) for depreciation, £467,000 (£265,000) for equipment leasing, £35,000 (£39,000) for auditors' remuneration and £118,000 (£122,000) for directors' remuneration.

Net profits emerged at £1.17m (£799,000) after taking account of tax, which was much the same at £629,000, compared with £649,000 previously.

Interim dividend payments absorb £376,375, against £339,655.

Foreign & Colonial has lower income but raises dividend

BY OUR FINANCIAL STAFF

REDUCED interest payable and management charges allowed an increase in taxable revenue at the Foreign & Colonial Investment Trust in t982, despite a fall in investment income.

The pre-tax figure advanced from £8.84m to £9.57m after bigber second balf revenue of £4.8m, against £4.51m.

With earnings per 25p share stated higher at 2.3p (2.ttp) the year's net dividend is raised from 2.035p to 2.24p with a final of 1.49p (1.4tp).

Franked income advanced from £6.39m to £7m but a fall in unfranked income from £9.04m to £7.57m left investment income down at £14.57m compared with £15.43m. Interest payable was cut from £5.67m to £4.11m and management cbarges were reduced by £33,000 to £888,000.

Tax took £3.44m (£3.2tm) leaving net revenue of £6.t3m (£5.64m) and after preference dividends of £94,000 (same), the attributable balance emerged at £6.04m (£5.54m).

The ordinary distribution absorbs £5.88m (£5.35m) leaving retained revenue of £156,000 (£198,000).

Net assets attributable to ordinary shareholders advanced during the year from £227.94m to £278.88m and net assets per sharek at the year end are given as 106.2p (86.8p) prior charges at nominal value and as t07.9p (89.3p) prior charges at market value.

■ FOREIGN & COLONIAL
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	9.57m	8.84m
Tax	3.44m	3.21m
Dividend	2.42p	2.035p
NAV per share*	106.2p	86.8p

Prior charges at nominal value

New Darien revenue shows sharp decline

BY OUR FINANCIAL STAFF

A SHARP reduction in interest from funds on deposit meant the revenue surplus available for shareholders of New Darien Oil Trust fell to £44,3tt for the 12 months to end-January, 1983, compared with £115,854 for the period December 3, 1980 to January 31, 1982.

Explaining the "markedly lower" surplus, the directors say the higher proportion of funds invested during the year reduced interest from deposits. During the previous period average liquidity was appreciably higber while funds raised at the launch of the fund in February 1981 were invested progressively.

Gross revenue for the year fell from £382,983 to £200,482. Income from investment rose to £127,378 (£38,839) but income from deposits fell by £270,950 to £73,104.

The available surplus, which was equal to stated earnings per 25p share of 0.44p (1.16p), was struck after taking account of tax of £44.332, against £125,757.

The dividend is being increased from 0.t5p to 0.28p – again no interim was paid. Last year the company also paid a special nonrecurring payment of 0.85p reflecting the income produced by a significant level of liquidity at a time of high interest rates.

Although the directors decided to pass the benefits of this additional income to shareholders via the special payment they stressed at the time that it should not be regarded as setting a precedent for payment in future years.

At January 31, 1983 net assets of the group were £7.17m (£8.32m) and asset value per sbare was 71.7p

New Darien invests in smaller quoted companies engaged in oil and gas exploration and production, particularly in North America and Australia. Compared with 1982, allocation of the trust's assets by country of incorporation were U.S. 60 per cent (63.3 per cent), Australia 9.4 per cent (11.2 per cent), Canada 11.1 per cent (7.4 per cent) and elsewhere 5 per cent (5.2 per cent).

LONDON RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renun. date	1982-3 High	1982-3 Low	Stock	Closing price	+ or –	Net Div.	Times Covered	Gross Yield	P.E. Ratio
110	F.P.	10/2	148	129	Assoc. British Ports	146	+2	b7.0	1.5	7.0	15.5
§105	F.P.	12/1	125	110	Baltic Leasing 5p	117	+2	b5.8	3.5	1.8	17.1
§100	F.P.	22/4	105	100	Br. Kidney Pat. As.	105					
74	F.P.	21/1	158	105	Carvermoor	153	+1	b5.64	2.0	5.9	15.0
§58	F.P.	24/4	112	90	HB Elect Comps 10p	105	–7	u1.12	5.2	1.5	23.6
§130	F.P.	14/1	215	165	Memory Comp tr 10p	188		bQ2.8	5.6	1.5	20.6
§155	F.P.	4/3	368	305	Microgen	350		b4.0	3.1	1.7	27.2
§120	F.P.	21/1	255	200	Munford & White	228		b2.8	8.4	1.6	36.0
193	F.P.	4/2	198	145	Resource Tech. 10p	162		—	—	—	51.2
‡‡	F.P.	—	110	87	Sinclair (Wm.)	87		24.25	1.0	7.0	21.3
‡‡	F.P.	—	105	77	Do. 8td	77					
175	F.P.	—	303	267	Superdrug Stores 10p	285	–5	bd5.5	2.4	1.9	51.5
120	F.P.	—	125	100	Swindon Priv Hos £1	104					
§10	F.P.	—	29	24	Tele-Services Intl 8p	26	–1½	b0.2	5.6	1.1	40.1
‡10½	F.P.	—	78	18	Tops Estates 10p	56					
‡73	F.P.	—	107	69	Utd. Packaging 10p	102	–4	b3.6	3.2	5.5	10.9
§150	F.P.	18/2	340	265	WightCollinsR 10p	305		bd2.75	5.3	1.3	54.0
—	F.P.	9/3	25	21	YorksLancsW'rrnts	22					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renun. date	1982-3 High	1982-3 Low	Stock	Closing price £	+ or –
‡‡	F.P.	—	96	88	Anglo-Nordic 10% Cnv. Uns. Ln. 1989	96	–1
97.504	£25	4/3	20½	15¾	BOC 12½% Uns. Ln. 2012-17	19¾	+1
99.431	£20	10/4	21¼	12	Birmingham 11½% Red. 2012	14	+¼
‡‡	F.P.	24/3	101¼	101	East Surrey Water 7½% Red. Pref. 1988	101	
‡‡	F.P.	—	224p	204p	Electro-Protective 7½% Cnv. Prf.	205p	+1
‡‡	F.P.	—	130	88	European Inv. Bk. 11¾% Ln. 2002	88½	+½
‡‡	£10	29/7	10½	10	Mid Sussex Water 7% Red. Pref. '88-90	10¼	–¼
‡‡	—	—	100¼	99	Nationwide Bdg. Soc. 11½% Bds. 25/1/84	100¼	
‡‡	—	—	100¼	100	Do. 11¾% Bds. 16/3/84	100½	
§97.174	£25	6/5	25½	23	Pearson 9% Uns. Ln. 2007	25¼	+¼
96.55	£25	8/7	28	25½	Sweden 13½% Ln. Stk. 2010	27	+1⅛
‡‡	F.P.	18/2	92	86	Transcont. 9% Cnv. Ref. Uns. Ln. Nts. 1993	92	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1982-3 High	1982-3 Low	Stock	Closing price p	+ or –
250	Nil	26/2 28/4	307pm	273pm	AGB Research 10p	307pm	
5½	Nil	4/3 28/3	13pm	9pm	Audiotronic 2½p	9pm	
50	F.P.	9/2 2/3	55	45	Clyde Oil 'B'	47	+2
73	Nil	7/3 18/3	23pm	18pm	Dominion Int. 20p	22pm	
165	Nil	—	20pm	10pm	Geers Gross 10p	13pm	+1
90	F.P.	21/2 7/4	146	130	Greyenor Group	146	+5
60	F.P.	14/1 11/2	79	65	ICL	74	+1
46	F.P.	14/2 11/3	60	51	LCP	59	
27	F.P.	21/2 7/4	56½	33	Mount Charlotte 10p	35½	
A$1.30	Nil	—	50pm	44pm	North B. Hill 50c	46pm	+2
95	F.P.	7/3 21/3	122	100	NSS News 10p	120	
60cts	Nil	11/3	0½pm	½pm	Rand Lon. Corp. 15cts	½pm	–½
58	F.P.	24/2 29/4	71	61	Stakis 10p	71	
400	Nil	4/3 22/4	90pm	35pm	Ultramar	45pm	+10

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1983. Q Gross. T Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

Howard Machinery hit by recession

BY OUR FINANCIAL STAFF

THE U.S. recession and severe drought conditions in Australia and South Africa seriously affected results of Howard Machinery for the year ended October 31 1982. This was despite improved profits in the UK, France and West Germany, due to the successful introduction of new products and greater operating efficiency.

Second-half pre-tax profits of this farm equipment manufacturer and distributor, fell from £1.101m to £772,000, although the full-year result was ahead from £78,000 to £253,000. There is again no dividend, the last paid being for the 1978-79 year.

Sales for the 12 months amounted to £45.83m, compared with £44.12m, and the pre-tax figure included associates' share of £41,000 (£173,000 loss), and an exceptional debit of £313,000 (nil) comprising plant closures, redundancies and other terminated activities.

Howard and its principal partner in Brazil, the Commonwealth Development Finance Company (CDFC), decided to cease trading in Brazil during the year. Directors say it would be misleading to consolidate the results of the Brazilian company, which has been treated as an associate in prior years.

■ HOWARD MACHINERY
Farm equipment manufacturer and distributor

Year to Oct 31	1982	1981
	£	£
Sales	45.83m	44.12m
Pre-tax profit	253,000	78,000
Tax	516,000	536,000
Attributable profit	2.61m*	118,000*
Earnings per share	–	–
Dividend	e	o

* loss

Under an agreement, Howard may be required to purchase the shares held by CDFC, so a £1.65m provision has been made against both the cost of the group's investment and the possible cost of purchase of the shares. This is included in an extraordinary debit of £2.32m (£357,000 credit) for the year, together with the costs of other rationalisation measures and the sale of certain properties.

After these extraordinary items, tax of £516,000 (£536,000) and minorities, £27,000 (£17,000), the attributable figures came through as a £2.61m loss, against £118,000 last time.

Greyhound group back in the black

GREYHOUND racing track operator GRA Group returned to the black in the second half to produce taxable profits of £638,000 for the year to October 31 1982 compared with £733,000. At the six-month stage the company had plunged from profits of £226,000 to losses of £118,000.

The year's dividend is again being missed, although earnings per 5p share are given higher at 1.32p (1.01p).

The pre-tax profits included an exceptional credit of £270,000 (nil) which relates to interest payments arising prior to the year under review on earlier guarantee payments – made to Barclays Bank under a scheme of arrangement – which are now repayable.

Minority interests came to £1,000 (£3,000) and after extraordinary charges of £63,000 (nil) for expenses connected with the company's relisting the retained profits emerged at £502,000 (£431,000).

Rights issue rescue plan for Bluemel

BY TERRY GARRETT

A RESCUE package of a rights issue and a substantial management reorganisation has been arranged for loss – making Bluemel Bros, whose shares were suspended last week at 25p.

Without the changes and capital injection, Bluemel's bankers have said they could no longer continue to support the company.

Bluemel is launching a three-for-one rigbts issue at 10p a sbare to raise £632,000. The issue bas been underwritten by Hammond International, an investment company incorporated in Liberia and resident in the Isle of Man. Hammond is owned by Mr Richard Foo a resident of Malaysia.

Under the agreement with Hammond four of the six Bluemel Bros directors will be resigning to be replaced by directors nominated by Hammond. Mr B Ditcham, Bluemel's chairman and managing director, will be among those leaving.

Bluemel will also enter into an agreement with Jenks & Cattell, a quoted company making a wide range of garden and hand tools, for the provision of management to carry out rationalisation measures that may be necessary to restore profitability at Bluemel's Wolston works.

Hammond has agreed to grant J & C a six-month option to purchase at top each, all or any of the new shares that Hammond may bave to take up by underwriting the issue. The agreement is up to a maximum of 2m shares. The rights involves the issue of 8.8m new sbares.

Hammond already holds 15 per cent of Bluemel. If none of the other shareholders take up their rights Hammond's stake will increase to 79 per cent of the enlarged capital.

In the 53 weeks to October 2 t982 Bluemel made a loss of £394,687 compared with a loss of £49,546 in the previous t2 months, before extraordinary items.

Although the industrial product business at Bristol continued to make profits having returned to the black in the first half the group's other businesses continued to lose money with demand remaining depressed. No dividend is being paid.

Since the end of the year the company has continued to trade at a loss.

Last October Bluemel's borrowings bad increased from £593,258 to £698,461 while shareholders' funds had declined from £2.23m to £1.89m. By January 2t t983 net debt had risen to £725,818.

In their statement, the directors advised by S. G. Warburg, say that the proposals before shareholders "represent the only practicable course to obtain the additional capital required."

The proposals are subject to shareholders' approval at an egm called for March 18.

UK COMPANY NEWS

FII shows growth but unsure of second half

SALES UP nearly 20 per cent to £4.85m and profit before tax ahead from £305,000 to £326,000 for the half year ended November 30 1982 are reported by FII Group, formerly known as Footwear Industry Investments.

But the traditional pattern of lower profits in the second half is expected to repeat itself—last year £238,000 was achieved in that period.

Production at the Fiona Footwear factories in Wales continues upwards, but a levelling off is expected in the second half, which may affect margins.

With the recession continuing, the merchanting division still faces difficulty in generating a substantial increase in current sales, but forward orders for the next financial year are encouraging.

The directors face the longer term with confidence.

After tax £145,000 (£137,000) the net profit is £181,000 (£168,000) for earnings of 4.5p (4.2p) per share. Extraordinary costs fell from £22,000 to £14,000 reflecting reduced expenditure on unlet premises.

The interim dividend is again 1.54p net: as last year Mr M. Sumray, chairman, and his wife are waiving most of their entitlement and the cost to the company is reduced by over £18,000.

FII is engaged in the manufacturing and distribution of footwear, and in supplying raw materials and components to footwear manufacturers. It also has a medical equipment subsidiary which is about to begin its marketing operations and is not expected to contribute to group results until the 1983-84 year. Its setting-up expenses have not been included in the interim figures.

	Six months 1982 £000	1981 £000
External sales	4,851	4,057
Pre-tax profits	326	305
Taxation	145	137
Net profits	181	168
Extraord debit	14	22
Available	167	146

Plessey £23m higher at nine months

THIRD QUARTER pre-tax profits of the Plessey Company, telecommunications and electronics group moved ahead from £27.51m to £35.06m and pushed the figure for the nine months ended December 31 1982 to £102m, compared with a previous £78.77m, a rise of 29.5 per cent. Directors attribute this to improved trading and a substantial boost in investment income of £11.8m.

Sales for the third period advanced from £224.6m to £277.5m and lifted the total to £729m, an increase of £55m, or 8.2 per cent.

Stated earnings per 50p share are given as 22.86p, against 20.59p, and the interim dividend is increased to 4.073p (3.542p) net—last year's final payment was 5.073p and total pre-tax profits amounted to £111.44m (£84.54m).

After depreciation charges, little changed at £17.79m (£17.78m) for the nine months, operating surplus amounted to £82.25m (£72.34m). Total sales, with the operating result, were divisionally split as to: telecommunications £339.8m (£291m) and £49.89m (£37.21m); electronic systems and equipment £219.9m (£191.5m) and £16.57m (£11.79m); microelectronics and components £67.2m (£82.1m) and £6.88m (£5.93m); aerospace and engineering £85.4m (£86.7m) and £8.29m (£12.16m); computer peripherals £16.7m (£22.6m) and £3m loss (£814,000 profit); group services £3.63m profit (£4.44m).

The directors say that the telecommunications side continued the strong performance seen at the six months stage, with sales and operating profits up by 16.8 per cent and 34.1 per cent respectively.

Electronic systems showed a "marked improvement" they state—profits jumped by 40.6 per cent—while the microelectronics and components sector had a good third quarter, and improved its trading margins for the nine months.

The directors point out that the aerospace and engineering activities in the UK continued their growth in both sales and profits, but the effects of the recession in the U.S. depressed the overall results of this sector.

Due mainly to the lower market demand in North America, the computer peripherals suffered a loss.

Pre-tax surplus for the period was after interest payable of £10.25m, against £10.67m, but included associates share of £4.11m (£3.06m), and much higher interest receivable of £25.88m, compared with £14.05m.

Tax took £44.4m (£27.6m) and after minority interests of £1.95m (£1.44m), the available balance came through at £55.65m (£49.74m).

Group order book at December 31 last totalled £1.33bn (£1.2bn at January 1 1982) and was split as to: telecommunications £578m (£475m); electronics £664m (£624m); microelectronics £66m (£82m); aerospace £78m (£67m), computer £4m (£4m); less inter-company content £63m (£48m).

The U.S. public switching business, Stromberg-Carlson Corporation, which was acquired last October, contributed sales of £24.7m for the period, but incurred an operating loss of £1.6m.

On a current cost basis the group's pre-tax profit is reduced to £89.3m (£60.6m) and earnings per share to 17.75p (13.27p).

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—BPM Holdings, Crosby House, Neepsend, Rightwise, Saxon Oil.

Finals—City and Foreign Investment, Olives Paper Mill, Renown Inc., Romney Trust, SKF.

FUTURE DATES

Interims—	
Courtney Pope	Mar 4
Metamec Jentique	Mar 11
Finals—	
Boddingtons' Breweries	Mar 10
General Mining Union Corpn	Mar 10
Hamilton Oil Great Britain	Mar 3
Kode International	Mar 15
Royal Dutch Petroleum	Mar 10
"Shell" Transport and Trdng	Mar 10

Tor Trust moves ahead to £0.38m

Taxable revenue of the Tor Investment Trust advanced from £364,000 to £383,000 in the first half to January 31 1983.

The interim dividend is being maintained at 3.5p net per 25p income share. Last year a total of 9.8p was paid—together with a single payment of 0.98p per 25p capital share.

Franked income edged ahead from £262,000 to £265,000 and unfranked income from £136,000 to £139,000.

Debenture loan interest amounted to £5.5m (same), dollar loan interest fell from £47,000 to £35,000 and management expenses were £36,000 (£35,000). Tax took £141,000 (£132,000).

Net assets per income share are given as 80.9p and per capital share as 464.4p.

Record year achieved by Moracrest Investments

Record profits have been achieved by Moracrest Investments for the year ended September 30 1982. Chairman Mr J. H. Smith describes this as "a very good performance" and says the company has been able to pay a "significantly increased" dividend.

Net taxed profit rose from £517,000 to £863,000, but increased provisions reduce that to £473,000 (£321,000). Investments during the year totalled £1.8m, of which £1.5m was new investment. This brings the broadly based portfolio to £7.8m.

Scottish Inv. shortfall

First-quarter gross income of the Scottish Investment Trust increased from £1.92m to £2.1m but pre-tax revenue for the period ended January 31 1983 slipped to £1.51m, compared with a previous £1.69m.

For the year ended October 31 last revenue, before tax, amounted to £6.83m, against £6.55m and dividends totalled 4.7p (4.6p) net per 25p share.

Total assets were £233.1m as at January 31 1983, compared with £203.1m at October 31 last or 235.4p (205.6p) per share.

Outstanding foreign currency borrowings as at January 31 amounted to the equivalent of £33.1m, against £23.3m

Ramar Textiles up to £0.25m in first half

Ladies clothing maker and distributor Ramar Textiles increased taxable profits from £106,000 to £252,000 in the first 26 weeks to November 26 1982 on higher turnover of £7.72m compared with £6.96m. There was no tax charge.

The directors say the company is now buying most of its fabrics from overseas through lack of opportunity to buy British. Delays in receipt of these fabrics have had an adverse effect on productivity

The chairman feels that the next six months will continue to be difficult but if the company can manage correct timing of merchandise to and from its factories, the full order book should enable it to maintain reasonable profitability.

MINING NEWS

Robertson Research on the desert gold trail

BY KENNETH MARSTON, MINING EDITOR

AFTER YEARS of helping others, the major UK-based international petroleum and mining consultancy and research organisation, Robertson Research, is branching out into mining exploration and development on its own account. Its first major target is gold in the Sudan.

The world-wide mining exploration and development arm of Robertson is to be the Canadian Greenwich Resources, listed in Toronto and Vancouver, in which Robertson currently has a stake of 22 per cent.

Funds of some C$10m (£5.33m) are to be raised by Greenwich in a public issue of 4m units at about C$2.50 (133p) each via Canada's Walwyn Stodgell Cochran Murray.

They comprise one common share plus a warrant to buy half a further share. Two warrants will allow the purchase of one common share at about C$3 within one year from the final others, the major UK-based international approval of the offer prospectus.

The prices mentioned are approximate pending the final approval of the prospectus which is expected by about the middle of next month. After the issue the Robertson holding in Greenwich will fall to just under 20 per cent.

In conjunction with this issue Greenwich is making an agreed bid for the UK Minex Developments in which Robertson already holds 25 per cent with Australia's Yam having approximately 50 per cent.

The Minex ordinary shares of 50p are to be altered into one deferred share of 50p and one ordinary share of 1p. Greenwich will offer 40 of its common shares plus one warrant for every 10 new ordinary shares of Minex and will also offer one warrant for every 10 deferred shares of Minex.

The main attraction of Minex is its promising exploration licences covering some 127,000 sq km in the northern part of the Sudan. So far only 5 per cent of the area has been examined but at least 90 gold prospects have been outlined.

The Red Sea Hills lease in the area contains the old Gebeit gold mine which is in a geological environment similar to that of the Consolidated Gold Fields group's prospect at Madh Adh Dhahab in Saudi Arabia.

Pilot heap leaching tests have begun at the old tailings (waste) mine dumps and it is hoped that these could yield some 5,000 to 10,000 grammes gold per month by the end of the year. Meanwhile, there are plans to carry out a drilling programme at Gebeit with open-pit possibilities in mind.

Greenwich also has mineral claims in Alaska and four properties in British Columbia. It is also looking at mineral properties in Mexico with a view to acquiring them in conjunction with a major North American mining group.

Nothing is certain in mining exploration where disappointments far outnumber successes. But Robertson with its wealth of experience and the backing of its major shareholder, the big Canadian SNC civil engineering group, is a force to be reckoned with.

The South African Gold sharemarket, which has taken a battering over the past two days as the bullion price has retreated from the $500 level, staged a strong rally in afternoon trading in London yesterday. It closed only marginally lower on balance, and in some cases with minor overall gains. Share prices had initially fallen for the third successive day on renewed London selling. The late rally followed a much steadier performance by the gold price, finally $2 up at $494.25 per ounce after falling $32 over the previous two days, and another strong rise on Wall Street. The Gold Mines Index posted a 5.4 fall at 625.9.

First-half profit for Renison

FREEDOM FROM the industrial unrest which has bedevilled the group in the past, and close attention to the control of operating costs, together with a profit on the sale of Government stocks, were the main factor behind the return to profit of Renison Goldfields Consolidated (RGC) in the past six months.

The group, in which London's Consolidated Gold Fields holds a 49 per cent stake, made a modest net profit of A$166,000 (£105,000) in the half-year to December 31, the first half of RGC's financial year.

This compares with a loss of A$1.19m in the previous comparable period, reports Lachlan Drummond in Sydney.

The extent of the improvement is even more apparent when the latest figures are compared with the deficit of A$5.28m recorded in the second half of the previous financial year.

Mr Max Roberts, RGC's chairman, said the results reflected improved performances by all of the group's operating centres, offset to some extent by lower interest receipts on surplus funds and higher interest charges on borrowed money.

The advance at the operating level was achieved in spite of only a marginal increase in the copper price, weak demand for mineral sands products and the continuation in tin export controls.

The tin export quotas imposed by the sixth International Tin Agreement restricted sales from the Renison mine in Tasmania to about 65 per cent of previous levels, and caused a four-week shutdown at Christmas.

No further shutdowns are expected, although production will be limited to keep stocks within the level specified by the controls, which are expected to remain in force for at least the rest of calendar 1983.

The group's mineral sands operation are now solely dependent on an upturn in prices, as action over the past 18 months has produced a significant reduction in unit costs.

The same applies to the Mount Lyell copper mine in Tasmania, which has been prevented from deriving the full benefit of higher ore grades by the depressed state of world copper prices.

Mount Lyell was closed for almost one-third of the period under review in an attempt to stem the losses.

RGC expects to remain profitable for the year as a whole, and Mr Roberts said that the operating efficiencies which have been achieved leave the group well-placed to benefit from an upturn in world commodity prices.

To conserve cash, the group has decided not to pay an interim dividend. An interim of 5 cents was paid last year, and the final was omitted.

RGC's cash position was helped during the first half by the sale for A$8.2m of the group's holdings of government securities. This sale brought in a net A$262,000, without which RGC would have had to report a small loss.

Since the end of the period, a further A$9.9m has been generated by the disposal of the 9.7 per cent stake in Pancontinental Mining, the potential uranium producer.

As before, the group is placing great emphasis on exploration. This year's spending will be a little below that for 1981-82, but RGC still plans to spend around A$9m. The group has about 50 projects at various stages of development, spread throughout Australia, Papua New Guinea and the Philippines.

Lupin to increase gold output

THE LUPIN gold mine in the Northwest Territories of Canada, owned by Echo Bay Mines, plans to expand production by about one-fifth, and has reported a substantial increase in gold reserves.

Echo Bay, which is controlled by the diversified U.S. group IU International, also intends to sell 10 per cent of its ordinary sharea to the Canadian public in order to reduce debt and provide extra working capital.

Thia would cut IU's interest to about 90 per cent.

The 20 per cent expansion in mine and mill capacity at Lupin will be completed by next Janusry, et a cost of around C$4m (£2.13m).

This will increase gold output to about 140,000 troy ounces a year, making Lupin one of tha five biggest gold mines in north America, according to Mr John Gilray Christy, chairman of IU.

Echo Bay has now completed en exploretion programme covering the ground between the 650-foot level, the previous greatest depth of exploration, and 1,280 feet below surface.

This has boosted tha total proven and probable reserves from 1.1m oz of gold to 1.37m oz, based on 3.45m tons of ore grading an average of 0.396 oz (12.3 grammes) of gold per ton.

A deeper diamond drill hole has encountered gold mineralisation at 1,535 feet, with the core sample assaying 0.58 oz (18 grammes) of gold per ton over an apparent true width of 31 feet.

Lupin reached full production capacity in January this year, and has sold about one-third of its expected 1983 output of 115,000 oz gold forward.

Getting down to it at Ballingarry

WHAT COULD be a very profitable anthracite mining operetion is about to get off the ground—or under it, as you might say—et Ballingarry, 100 miles south-west of Dublin in County Tipperary. A non-refundable grant of I£1.04m (£938,000) from the Irish Government will pay for 45 per cent of the surface facilities needed.

The venture is being pursued by the Canadian Flair Resources which took over the old Ballingarry mine last June. The government grant together with e share placement and loans means that the total capital costs of I£3.3m needed to expand operetions bave now been covered.

Current production of 2,000 short tons per month is to be lifted to 7,000 tons towards the end of thia year. It is boped that the operation will be debt-free by the summer of 1984.

The coalfield is stated to have current proven reserves of some 3m tona of high grade anthracita plus an additional indicated 16m tons. In addition to the existing underground operationa which employ about 83 men, the potential exists for en open-pit in due course.

The Canedians and their Irish colleagues are confident of market prospects for the increased output of anthracite which will probably fetch soma I£110 per ton et pithead. Flair ia currently negotiating long-term sales contracts in the UK and Europe.

Rating as a smokaless fuel, anthracite bas a ready market in both the UK and Ireland. Much of the production comes from Poland and Weles, but there is room in the market for the output from Ballingarry.

Buyers, however, will have to make their own transport arrangements, the nearby railway spur having unfortunately lost its rails.

Write-offs push Brinco into the red

EXTRAORDINARY DEBITS totalling C$19.8m (£10.5m) gave Canada's Brincn a net loss for last year of C$28.8m, against nrnfits last time of C$1.09m.

The extraordinary items included write-downs in the value of Brinco's investments in Abitibi Asbestos Mining, the Hrubetz Oil end Gas joint venture, the San Antonio gold property and the Brinco 1981 Energy Fund, as well as a loss on the sale of a portfolio investment.

Abitibi Asbestos has been completely written off, as the company believes no further work will be done on the property in the foreseeable future.

The write-down on San Antonio, e gold property at Bissett, Manitoba, arose because Brinco has discontinued mining operations on the upper levels because of lower than expected ore grades.

Brinco, in which Rio Tinto-Zinc has retained e beneficial interest of around 24 per cent, is studying the feasibility of mining the lower levels of the property, where higher ore grades are indicated.

The British Columbia Government has given approval in principle to the Quinsam steaming coal joint venture in the Campbell River area of Vancouver Island, and a public inquiry into the environmental aspects of the project is to be held.

RESULTS IN BRIEF

■ UPDOWN INVESTMENT COMPANY
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	195,000	158,000
Tax	67,000	55,000
Dividend	2.5p	2.25p
NAV per share	147p	120p

■ CARDINAL
Investment Trust

Year to Dec 31	1982	1981
	£	£
Pre-tax revenue	1.4m	1.22m
Tax	492,115	419,700
Dividend	3.65p	3.3p
NAV per share*	139.14p	124.47p

* Prior charges at par

■ TOR
Investment Trust

Half-year to Jan 31	1983	1982
	£	£
Pre-tax revenue	383,000	364,000
Tax	141,000	132,000
Dividend	3.5p	3.5p
NAV per share	*80.9p	—

* per income share

Institutional opposition to Kwik-Fit takeover

BY RAY MAUGHAN

INSTITUTIONAL holders of some 20 per cent of the shares in Kwik-Fit (Tyres and Exhausts) are preparing to lodge strong objections to the proposed all equity bid for Crest International Securities, the property group dealt on the Unlisted Securities Market in which three Kwik-Fit directors hold an aggregate 32.2 per cent stake.

Terms of the deal, outlined on February 16, comprise three Kwik-Fit shares for every 10 shares in Crest. Taking Kwik-Fit at 45p, against a price of 53p when the bid was first announced, the offer currently values Crest at £4.8m.

The Kwik-Fit board, headed by Mr Alec Stenson and the chief executive, Mr Tom Farmer, said at the time that the auto parts replacement group was forced to acquire properties from time to time which exceeded its trading requirements; a link with Crest would enable Kwik-Fit to take advantage of the development potential these surplus sites offered. Crest is expected to reveal net assets of £4.4m as at the end of 1982.

Institutional opposition has been raised on two counts. First, as one fund manager said yesterday, "provided Kwik-Fit did not make an outrageous offer for Crest we felt we would support the deal because it would resolve a conflict of interests. However, the price proposed has not complied with that position.

"In any event," he said, "the price simply rubs salt into the wound." The essence of the funds' position is that an involvement in property development would dilute their holding in what, as another fund manager said yesterday, "is still a very exciting concept and a very attractive investment situation."

The funds' annoyance has been exacerbated because many supported Kwik-Fit when small investors deserted the company during a sharp share price fall in the autumn of 1981 as profits tumbled, and all but disappeared.

At that stage, Kwik-Fit was caught by heavy stock dumping by auto parts manufacturers, by the sudden entry into the market of many small and by all accounts unreliable replacement parts businesses, and finally by the cost of integrating 90 new depots acquired from Firestone coupled with the installation of the stock and financial controls required to run them efficiently.

Profits have since started to recover and the funds have been expecting the Kwik-Fit share price to react accordingly.

That recovery is now considered to have been jeopardised by the Crest proposals and the institutions are now seeking explanatory meetings with the Kwik-Fit board. Mr Farmer was unavailable for comment last night but Ms Diana Darlington, for the group's brokers Henry Cooke, Lumsden, stressed that the deal was still in place.

Hawley buys 20% of Black & Edgington

BY CHARLES BATCHELOR

Hawley Group, Mr Michael Ashcroft's fast-growing industrial holding company, has taken a 20 per cent stake in Black and Edgington (B and E), the tent, caravan and clothing maker.

Hawley bought a total of 3.75m shares at 47p each—a total of £1.76m—including the 2.7m shares held by British Car Auctions. It placed 1.08m of its own shares in the market to finance the deal.

Hawley declined to comment last night on whether the share purchase would lead to an offer for the rest of the equity. The company said Mr Ashcroft "finds Black and Edgington an interesting situation."

Mr Ashcroft has not yet met the B and E board and no arrangements have been made for any meeting, it added.

Mr Stanley Hodge, company secretary of the Glasgow-based B & A, said the company had been intouch with Hawley and had been told that the shareholding had been taken as an investment.

B & A expects to announce its 1982 results in early April and thinks it unlikely it will meet Hawley representatives before then.

"We have been living with the fact that British Car Auctions have been increasing their stake over the past year or so," said Mr Hodge.

B & A made a pre-tax profit of £142,000 in the six months ended June 30 1982, compared with a loss of £554,000 in the same 1981 period.

Turnover fell slightly to £27m, against £27.3m. The company has been reorganising its activities over the past two years to eliminate loss-makers.

B & A's shares rose 9p to 54p valuing the company at £10.13m. Hawley Group fell 3p to 169p.

ARBUTHNOT SECURITIES

Arbuthnot Securities has been in discussions with Atlanta, Baltimore & Chicago Regional Investment Trust and West Coast and Texas Regional Investment Trust with regard to its proposals to unitise both investment trusts, which it firmly believes are in the best interests of all shareholders.

In order to allow sufficient time for the trust directors to discuss these proposals with major shareholders, Arbuthnot has extended the deadline by which they were required to issue notices convening meetings to February 23. Arbuthnot has now requested to boards to proceed forthwith to convene EGMs of ABC and WCT so that shareholders may have an opportunity to consider unitisation proposals themselves.

Arbuthnot will be sending a letter to the shareholders of ABC and WCT ahead of the EGMs.

PAVILION LEISURE

The directors of Pavilion Leisure state that the company's trading position bears no relation to the prices at which its shares are changing hands. They add that they have had no communication whatsoever from Mr Michael Shellim and associates and have no knowledge of why the price of the shares should have moved up so high. Accordingly, they feel that it could well be that a false market has been created in the shares.

COPE ALLMAN

Following the offer by Cope Allman International for the preference shares of R. O. Morris (Holdings) it did not already own acceptances have been received in respect of 77,850 shares. This represents 54.25 per cent of the shares for which the offer was made.

CAI has decided to declare the offer unconditional and to leave the offer open for acceptance until further notice.

CARLTON COMPLETES

Carlton Communications, formerly Fleet Street Letter, has completed the acquisition of Carlton-Fox, Carlton Studios and Carlton Newsletter in a reverse takeover which gives control of the company to Mr Michael Green, the chairman, and his brother, David Green.

Dealings start on the Stock Exchange today.

DIMBLEBY & SONS

A company controlled by Mr David Dimbleby has acquired all the issued capital of Dimbleby and Sons which owns the Richmond and Twickenham Times and other newspapers. The newspaper company was previously owned by family trusts; the reorganisation has been carried out with the agreement of all the family.

Mr Dimbleby who has been managing director of Dimbleby and Sons since 1966 said that he planned to continue publishing the newspapers in their present form and so carry on a family tradition that went back four generations.

GUINNESS PEAT

Guinness Peat Group has completed the sale of its 50 per cent shareholding in Otto Nielsen (UK) for a consideration of £170,000. The group has also sold a small site in Lancashire for £35,000 which, together with the January completion of the group's former pharmaceutical site in Epsom for £1m, virtually completes a sequence of minor disposals.

PULLGRANGE

Pullgrange has completed the acquisition of Jean Sorelle, the Peterborough-based toiletries company, announced last month. Pullgrange is backed by a consortium of investors brought together by L. Messel and Co.

ASSOCIATE DEAL

Phillips and Drew, as an associate of Hanson Trust, has sold 7,000 UDS Group shares.

SHARE STAKES

Downlbrae Holdings—W. G. Peacock, director, in respect of wife and family, through Unidex Trustees, has acquired 50,000 ordinary shares increasing holding to 887,352 (12.45 per cent).

Dualvest—As a result of the recent purchase of 165,000 income shares, Commercial Union Assurance is the beneficial owner of 900,000 income shares (10 per cent).

Hartons Group — Following the purchase on February 16 of 50,000 ordinary shares at 7½p by Macanie Investments, Mr Max Maimann, his family and associates became interested in 12,245,822 ordinary shares (57.13 per cent).

Kenning Motor Group — The Kuwait Investment Office holds an interest in 1.975m ordinary shares (6.24 per cent), designated the Securities Management Trust AA Account.

F. Pratt Engineering Corporation—On February 18, Maurice James Industries acquired 24,000 ordinary increasing holding to 274,000 ordinary shares (5.002 per cent).

Prestwich Parker Holdings—The Prudential Corporation states that as a result of a disposal of 90,000 ordinary shares its holding is 326,000 shares (9.62 per cent).

Britannia Arrow Hldgs—United Kingdom Temperance and General Provident Institution's interest has increased to 6.1m ordinary shares (5.13 per cent).

Stenhouse Holdings — W. M. Wilson and J. B. Devine, both directors, state that a trust in which they have an interest as trustees has purchased 25,000 shares.

Amalgamated Estates—Stanley Wise, director, has sold his total holding of 2,141,835 ordinary shares.

Ward Holdings lower as house sales are halved

WITH THE contribution from house sales being halved to £428,000, profit of Ward Holdings group for the year ended October 31 1982 fell from £1.22m to £836,000. The dividend is held at 4.2p net with a final of 3.01p.

House sales volume has now been restored and the overhead cost ratio is reducing satisfactorily, the directors report.

Other contributions to the year's profit were: plant hire £11,000 (loss £38,000); merchanting £1,000 (£13,000); manufacturing £156,000 (£122,000); and property £240,000 (£236,000).

Turnover reached £13.1m, against £12.91m. After tax £137,000 (£136,000) net profit came out at £699,000 (£1.09m) for earnings of 8p (12.4p) basic and 5.3p (8.3p) fully diluted.

The company is experiencing a return of purchaser confidence in the housing market and this, coupled with signs of a Government-led investment boom in new construction, suggests that full 1983 results (although probably not in the first half) will reflect these changes.

Manufacturing is now well established. Further substantial investment is now taking place at the expanded Chatham factory and the larger factory in Herts. This will improve group profitability.

BANK RETURN

BANKING DEPARTMENT

	Wednesday Feb. 23 1983	Increase (+) or Decrease (−) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	1,116,862,537	−1,169,116,835
Bankers Deposits	712,484,452	+ 175,550,399
Reserve and other Accounts	9,164,240,011	− 34,728,644
	4,008,140,500	−1,028,295,078
Assets		
Government Securities	402,416,952	− 09,895,000
Advances & other Accounts	1,378,462,557	+ 15,536,262
Premises Equipment & other Secs.	2,210,224,300	− 976,796,900
Notes	7,893,715	− 7,122,842
Coin	142,976	− 16,593
	4,008,140,500	−1,028,295,078

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	10,950,000,000	+ 25,000,000
In Circulation	10,942,106,285	+ 32,122,842
In Banking Department	7,893,715	− 7,122,842
Assets		
Government Debt	11,015,100	—
Other Government Securities	3,336,762,469	− 571,408,764
Other Securities	7,602,222,431	+ 596,408,764
	10,950,000,000	+ 25,000,000

BASE LENDING RATES

A.B.N. Bank	11 %	Gulf G'tee Trust Ltd.	12 %
Allied Irish Bank	11 %	■ Hambros Bank	11 %
Amro Bank	11 %	Hargrave Secs. Ltd.	11 %
Henry Ansbacher	11 %	Heritable & Gen. Trust	11 %
Arbuthnot Latham	11 %	■ Hill Samuel	§11 %
Armco Trust Ltd.	11 %	C. Hoare & Co.	†11 %
Associates Cap. Corp.	11 %	Hongkong & Shanghai	11 %
Banco de Bilbao	11 %	Kingsnorth Trust Ltd.	12 %
Bank Hapoalim BM	11 %	Knowsley & Co. Ltd.	11½%
BCCI	11 %	Lloyds Bank	11 %
Bank of Ireland	11 %	Mallinhall Limited	11 %
Bank Leumi (UK) plc	11 %	Edward Manson & Co.	12 %
Bank of Cyprus	11 %	Midland Bank	11 %
Bank Street Sec. Ltd.	10½%	■ Morgan Grenfell	11 %
Banque Belge Ltd.	11 %	National Westminster	11 %
Banque du Rhone	12 %	Norwich Gen. Tst.	11 %
Barclays Bank	11 %	P. S. Refson & Co.	11 %
Beneficial Trust Ltd.	12 %	Royal Trust Co. Canada	11 %
Bremar Holdings Ltd.	12 %	Roxburghe Guarantee	11½%
Brit. Bank of Mid. East	11 %	Slavenburg's Bank	11 %
■ Brown Shipley	11 %	Standard Chartered	‖11 %
Canada Perm't Trust	11½%	Trade Dev. Bank	11 %
Castle Court Trust Ltd.	11½%	Trustee Savings Bank	11 %
Cayzer Ltd.	11 %	TCB	11 %
Cedar Holdings	11 %	United Bank of Kuwait	11 %
■ Charterhouse Japhet	11 %	Volkskas Intl. Ltd.	11 %
Choulartons	11½%	Westpac Banking Corp.	11 %
Citibank Savings	¶ 9 %	Whiteaway Laidlaw	11½%
Clydesdale Bank	11 %	Williams & Glyn's	11 %
C. E. Coates	12 %	Wintrust Secs. Ltd.	11 %
Comm. Bk. of N. East	11 %	Yorkshire Bank	11 %
Consolidated Credits	11 %		
Co-operative Bank	*11 %		
The Cyprus Popular Bk	11 %		
Duncan Lawrie	11 %		
E. T. Trust	11 %		
Exeter Trust Ltd.	12 %		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	12 %		
Grindlays Bank	‡11 %		
■ Guinness Mahon	11 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8%. 1-month 8.25%. Short-term £8,000/12-months 10.8%.
† 7-day deposits on sums of: under £10,000 8%, £10,000 up to £50,000 8¼%, £50,000 and over 8½%.
‡ Call deposits £1,000 and over 8%.
‖ 21-day deposits over £1,000 9%.
§ Demand deposits 8%.
¶ Mortgage base rate.

THE PROPERTY MARKET
BY MICHAEL CASSELL IN LOS ANGELES

Gold-diggers of Rodeo Drive

AS ONE Los Angeles real estate broker said, "people get separated from big bucks" on Rodeo Drive, the Beverly Hills boulevard where opulence oozes from the sidewalk and California's super-rich glide by in limousines bearing nick-name number-plates like "Foxy" and "Funky."

But the broker was not just talking about the customers, who step from Hermes to Gucci to St Laurent to Cartier before crossing the drive to visit (strictly by appointment only) Bijan or "The Happy Millionaire."

Retailers face big rents for space on California's premier shopping street and it seems that the only real estate which comes anywhere near as expensive lies up in the Hollywood Hills, where a burial plot at Forest Lawn starts at around $300 (with no break clauses).

Back down on Rodeo, tenants can expect to pay $100 a sq ft for boutique space and a new $40m retail complex, suitably entitled Rodeo Collection, is setting new rental levels of up to $125 a sq ft.

The Collection comprises a lavish 70,000 sq ft multi-storey shopping centre grouped around a sunken garden and reached by terraces descending from street level. In order to ensure that every level is successful, tenants have had to rent space from top to bottom in their "town house" style shops.

Among the first occupants are Yves St Laurent, Nina Ricci and Cerruti and customers arriving by car (who doesn't?) will have their vehicle parked and returned to them after they have parted with their money.

Richard Korchien of Enviro-netics Architects, joint designers of the project, says that the scheme hit problems when the developers struck water during the course of excavation work for the subterranean car park. The problem was eventually beaten and the first shops opened three months ago. It would appear that co-owners Daryoush Mahboubi-Fardi and David Rowen have also struck gold.

Further down Rodeo, at its junction with Wilshire Boulevard and opposite the Beverly Wilshire hotel, sits the original world-famous Brown Derby restaurant, where people used to go to eat and to watch other people. The restaurant is now closed but the site is shortly to house a new shopping scheme which will arguably have the best address in town.

A plan has been put together by an Australian developer and it will provide no more than 10,000 sq ft of retail space on three floors. Jones Lang Wootton are joint leasing agents.

The proposal is to get a single tenant and the rent is going to be in the order of $1m a year, which is considerably less than the annual income notched up by many of the customers who will shop there once it opens.

Downtown rents looking up

IT IS going to take a lot more than this week's earthquake—at 4.5 on the Richter scale, a matter of less concern hereabouts than the smog count—to inflict damage on the commercial office market throughout much of Los Angeles County.

For not only is any chunk of property worth owning or occupying designed to be earthquake-proof, but the centres which go to make up one of the most interesting and diverse real estate markets in the world are themselves made of tough stuff.

The overall picture may not be quite as sunny and relaxed as the scene to be found last holiday weekend on beaches from Santa Barbara to San Diego but there is no disputing that, along with New York, this part of the U.S. property market has got off lightly at the hands of the recession.

Last year broke all records for office construction in the county while take-up also rose sharply. There is, undeniably, a lot of space around waiting for tenants but market conditions vary significantly across the region and there is a widespread belief that the Los Angeles region has now established for itself a sufficiently diversified and dynamic economy capable, it seems, of overcoming everything but water shortages and air pollution.

Despite the proliferation of office centres, stretching from the San Fernando Valley in the north to Orange County in the south, downtown Los Angeles remains the principal office location, its strength secured by excellent freeway links.

Downtown has had its problems but it seems to be enjoying a new lease on life, with major occupiers like IBM planning to move people from nearby mid-Wilshire—which many say is on the slide—into the 500,000 sq ft second phase of the impressive Crocker Tower scheme. Other new tenants, like Atlantic Richfield and AT and T, are helping to underpin the market's renewed strength, something which is at least partially due to the growing barriers being put up by a vociferous environmental lobby to the west of the city.

Densities reduced

In locations like Beverly Hills, 45 ft height restrictions now exist while in nearby Century City densities have been reduced; Santa Monica has imposed a moratorium on new development. Decisions like these should help funnel development back into a downtown market now comprising around 19m sq ft of office space, and which has seen take-up reach 4m sq ft over the last 18 months.

Last year saw the completion of several major downtown schemes like the 1.2m sq ft first phase of Crocker and the 800,000 sq ft Wells Fargo building, just sold to a Lehndorff investment syndicate including Grosvenor International of the UK.

Now, however, there is very little space in the pipeline and some observers expect significant increases in rents as demand outstrips supply. Top rents reach up to $35 a square foot—they recently doubled in one three-year period—and people like Tim Mason of Jones Lang Wootton say that it is likely to happen again.

Attention is focused on the new schemes planned or underway and in particular on the Japanese, who have been busy buying downtown land. Mitsui Fudosan, the Mitsui development arm, has clearly singled out Los Angeles as the place to be and is, later this year, due to start work on a 900,000 sq ft office scheme between Seventh and Eighth Streets, owns a chunk of land behind the Hilton Hotel capable of taking another 350,000 sq ft and has also bought a site between Hope and Grand Streets.

Oxford Group, one of the surviving Canadian developers, is planning a downtown retail scheme — with 3m sq ft of office space thrown in for good measure — while Cadillac Fairview is joining forces with Metropolitan Life to develop a $1.2bn phased complex between Grand and Olive Streets which will eventually provide 3.5m sq ft of offices, shops, homes and a major museum. It will, according to Howard Sadowsky of Julien Studley, who served as consultants to the developers, be the "biggest development of its type west of the Mississipi."

Investment interest in existing buildings is also very much alive, although opportunities to pick up good properties are rare. Gerald Ronson of Heron has just purchased a 200,000 sq ft downtown office building on West Sixth Street, his first acquisition in Los Angeles. Names like the Prudential, Capital & Counties and Equity and Law are included in a co-mingled fund which part-owns another office building on West Sixth Street.

According to Tim Mason: "There is no doubt that Los Angeles has matured as a real estate market in recent years and it has become the natural second choice, behind New York, for international investors. There is strong interest from the UK institutions and although property does look expensive, the foreign investor can still achieve a better return than he could invariably expect in his own country. A half-share in the Manufacturers' Life building on Figueroa Street, carrying 10-year flat leases, has just been sold to show a 9 per cent initial return.

Exciting times

Howard Sadowsky has another view: "People are so keen to get in on this market that they are prepared to do break-even deals. They foresake any immediate return for the chance to buy a piece of real estate in a market where values rise faster than anywhere else."

Mr Sadowsky is a broker and brokers have been known to get carried away. There is no disputing, however, that downtown Los Angeles looks set for exciting times.

Hammerson's man plays it cool

IT IS eight months since Bruce Merchant answered the call from Sydney Mason and left Morgan Guaranty in London to open up California for the Hammerson group. Those who expected action by now might be a little disappointed at the silence from downtown Los Angeles but they should not be surprised.

Hammerson is not to be included among the more "spontaneous" of property groups and while it might have looked good for it to do some early deals, the cautious approach which applies in Park Lane holds just as well on the edge of the Pacific.

Merchant, an American who a year ago knew London better than he knew Los Angeles, has spent his time getting to know the numerous markets which go to make up the local real estate sector. "In most cases, Hammerson has started in new locations after opportunities have been presented to it: on the West Coast we took the initiative and I started with a blank piece of paper.

"This is a dynamic market but we are not being tempted into abandoning our conservative approach. We are not competing with the pension funds who may not always need to show the same sort of returns required of a group like Hammerson."

Merchant says that Hammerson has "come close" to deals once or twice and that he would be disappointed if he was not able to conclude something before too long. The group has property elsewhere in the U.S. and it has given Merchant eleven states to look at.

First on the shopping list is office property in Los Angeles and the group is thinking about anything up to 100,000 sq ft in the $15m-$20m price range. Development deals or existing buildings offering ways of lifting current income are being considered.

Merchant is happy to admit that the investment market is very keen and that people are prepared to pay high prices to get into the market. He points out that much of the recent investment interest in the Los Angeles area has come from overseas institutions, who have stepped up acquisition activity as their U.S. counterparts have stood on the sidelines.

"Foreign investors have dominated the market for the last year or so but it seems likely that the domestic funds will again be stepping up their interest over the months ahead.

"The investment market in real estate here is highly competitive at the best of times and it looks like becoming more so. But we fell quite comfortable about things: there are no targets and there is no rush. When we do it, we will get it right," says Merchant.

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COMPANY NOTICES

THE "SHELL" TRANSPORT AND TRADING COMPANY, P.L.C.
NOTICE IS HEREBY GIVEN that a balance of the Register will be struck on Tuesday, 8th March, 1983 for the preparation of the half-yearly dividend payable on the FIRST PREFERENCE SHARES for the six months ending 31st March, 1983. The dividend will be paid on 6th April, 1983.
For Transfers to receive this dividend, their transfers must be lodged with the Company's Registrars, Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, Sussex, not later than 3.00 p.m. on Tuesday, 8th March, 1983.
By Order of the Board
J. O. ODELL, Secretary.
Shell Centre,
London SE1 7NA.
18th February, 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR'S) IN
THE NOMURA SECURITIES CO. LTD.
We are pleased to confirm that copies of the Annual Report for the year ended September 30, 1982 of the Nomura Securities Co. Ltd. are available to EDR holders, upon application to the offices of the Depositary, Citibank, N.A., 336 Strand, London WC2R 1HB and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Thérèse, Luxembourg.
CITIBANK, N.A.
London Depositary
February 25, 1983

NOTICE OF PURCHASE
EUROPEAN INVESTMENT BANK
0.78% DOLLAR BONDS OF 1978, DUE 1st FEBRUARY 1993
NOTICE IS HEREBY GIVEN to bondholders that during the twelve-month period ending 31st January, 1983, US$2,000,000 of the European Investment Bank's 8.75% US Dollar Bonds of 1978, due 1st February, 1993 have been purchased.
As of 1st February, 1983 the principal amount of such Bonds remaining in circulation was US$54,000,000.
EUROPEAN INVESTMENT BANK
25th February, 1983.

OFFICIAL NOTICE
LONDON METAL EXCHANGE WARRANT
Please be advised that Warrant No. 1009 Silver, Brand: BURMA MINES, 5818.78 Troy Ounces, stored in Hamburg, has been replaced and the above Warrant should be considered null and void.
Jordaens Warehousing Company GmbH, 2 Hamburg 11, Kamerun Kai 1, Schuppen 52/53.

ITO-YOKADO CO., LTD.
(CDRs)
The Board of Directors of Ito-Yokado Co., Ltd. has announced that shareholders, who will be registered on the books of the Company on 28th, 1983 (Tokyo time), will be entitled to a distribution of free shares at the ratio of 1 new share for every 10 shares held. ...
AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
February 21st, 1983.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR'S) IN
MURATA MANUFACTURING CO. LTD.
We are pleased to confirm that copies of the Annual Report for the year ended November 20, 1982 of Murata Manufacturing Co. Ltd. are now available to EDR holders, upon application to the offices of the Depositary, Citibank, N.A., 336 Strand, London WC2R 1HB and the Agent, Citibank (Luxembourg) S.A., 16 Avenue Marie Thérèse, Luxembourg.
CITIBANK, N.A.
London Depositary
February 25, 1983

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CUMULATIVE PREFERENCE SHARES
NOTICE IS HEREBY GIVEN that the Transfer Books of the Cumulative Preference Shares will be closed from 21st to 31st March 1983 (both days inclusive) for the preparation of the half-yearly dividend payable 31st March 1983.
By Order of the Board
F. DAVYS, Secretary.
The Brewery,
Daybrook,
Nottingham NG5 6BU.
25th February 1983.

PUBLIC NOTICES

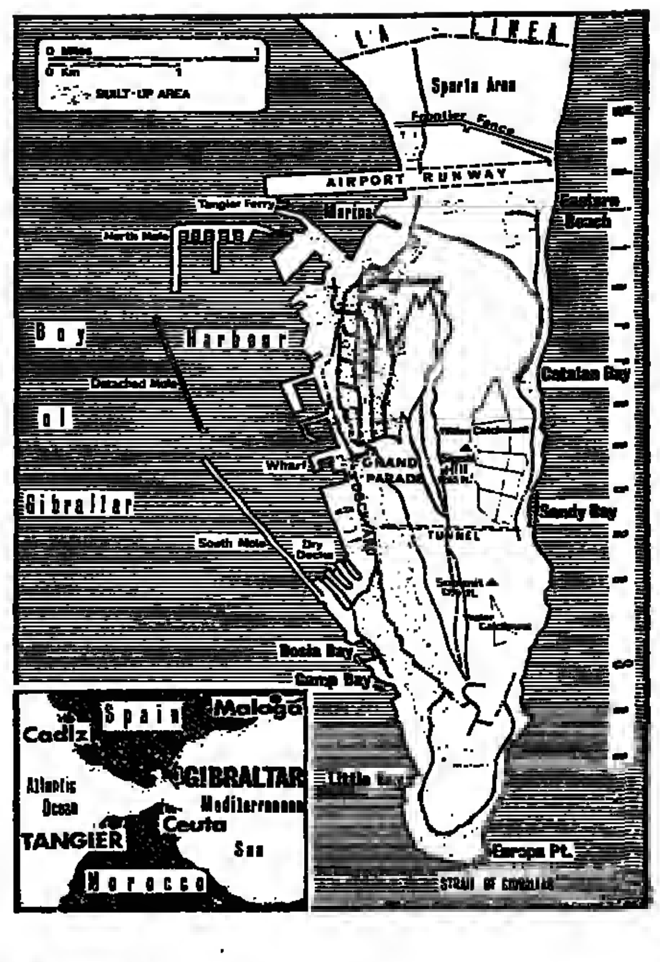
THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
Variable Rate Redeemable Stock 1983
The Council of The Royal Borough of Kensington and Chelsea announces that the half-yearly payment of interest due on 24th August, 1983 on the above stock will be at the rate of £5.91 (less income tax) per £100 of stock.

FINANCIAL TIMES SURVEY

Friday February 25th 1983

Gibraltar

The full opening of the border with Spain is being awaited eagerly by the people of the Rock. The changes in prospect, however, are also causing apprehension.



Building on areas of common interest

By RHYS DAVID

MORE THAN 150,000 people a month have been crossing the border between Gibraltar and Spain since the partial opening, to pedestrians only, was authorised in December by the Spanish authorities, after an interval of 13 years.

Families separated by the border—and able to afford only occasionally the round trip to Spain via Morocco—have now been getting together; taxis and minibuses, just across the border on the Spanish side, have been taking Gibraltarian spectators to football matches; Spanish day trippers wander along Main Street, the Rock's main thoroughfare looking at the watches, cameras, video and other electronic equipment stacked high in the shops; political and union leaders from La Linea—the town across the border which developed to serve as Gibraltar's dormitory— are to be seen in bars on the Rock in animated discussion with their counterparts.

According to Sir Joshua Hassan, the Rock's chief minister, it represents "a fantastic show of good human behaviour." There has not been one incident, he observes, between those living on opposite sides of the border—clear proof that the restrictions did not enjoy local popular support in Spain.

The 30,000 Gibraltarian people, in the words of one seasoned British observer, are enjoying their freedom of movement more than they admit and have had their morale greatly boosted. "They are very pleased with the generally friendly attitude they are encountering from the Spaniards," he adds.

Yet, for all the relief and pleasure brought about by the opening of the border—expected to be followed by full opening in the spring — the mood in Gibraltar remains one of apprehension as the realisation dawns that the protective cocoon which came with isolation may be stripped away.

For separate reasons concerned with the future size of the Royal Navy and the type of vessels it will use, the UK Government will be closing the Royal Naval Dockyard on the Rock at the end of the year. Taken together with the friendlier attitude being adopted by the Spaniards, this is invariably seen by some Gibraltarians as enough to justify suspicions of a UK-Spanish deal, or at best, a weakening of Britain's commitment to preserve their right to self-determination.

Economic impact

There are other fears as to the economic effects of the border opening. With Spanish visitors not allowed to take back purchases to Spain, the opening of the border so far has succeeded only in producing a drain on Gibraltar's economy.

The belief is that ultimately Spanish visitors — and tourists from other countries holiday-making in Spain will come across to buy in Gibraltar's shops.

With the border sealed for so long, however, no one is fully confident that Gibraltar is competitive in the services it offers, or in many of the imported goods it sells.

The first Spaniard across the border following its opening to pedestrians in December. Queues are now a familiar sight at the border post—Gibraltarians anxious to visit relatives in Spain, and Spaniards curious to see the British colony

Gibraltar's tourist facilities, too, have ossified during the period of closure, and, while it has quaintness, "Britishness," and military history, there can be no guarantee that this is what the average package holidaymaker on the Costa del Sol is looking for. Considerable sums of money now need to be spent to tidy up a place which has the appearance of a backwater, even if a pleasant and friendly one.

The central problem for Gibraltar, however, is that even if normal cross-border relations with Spain are resumed to coincide with the opening of talks under the 1980 Lisbon agreement, the task of reconciling the irreconcilable looks no easier now than it did 13 years ago.

No one can see the Spaniards renouncing their claim to sovereignty, so that this will once again be hanging over the Rock, the subject of speculation if not negotiation. The Gibraltarians are no less firm in holding to their basic position. They make the wry observation that since they voted in 1967 by 12,138 to 44 in favour of maintaining the link with Britain, opinion has probably hardened.

Britain's position remains one of benevolent neutrality. It will stand by its commitment to Gibraltar—in particular the promise that there will be no change in sovereignty against the freely and democratically expressed wish of the people.

So soon after a similar commitment to the Falklands has been demonstrated to have meaning, there is clearly no chance of the present Government renouncing such a pledge.

Squeeze-point

Gibraltar too, unlike the Falklands, does have a defence significance. It is one of the "squeeze-points" of world shipping and Britain has the technical expertise to provide Nato with above and under water surveillance. When the dockyard closes there is no question of the naval base and sophisticated installations built into it being closed.

Yet, for all this there is a recognition among political leaders in Gibraltar that the Rock's constitutional position has to evolve, and that its position as Europe's last colony cannot stay for ever. As a result, possible options for the future have begun to be dusted off by the various political groupings.

Sir Joshua Hassan's Association for the Advancement of Civil Rights/Gibraltar Labour Party (AACR/GLP) has begun to re-explore "free association" with Britain under the Crown, an option which would result in increased local powers while Britain retained certain key functions.

The Gibraltar Socialist Labour Party, in which the main figure is the union leader, Mr Joe Bossano, is now tilting towards independence, its attitude stemming in part from acute disappointment with Britain over the dockyard closure. One small group advocates rapprochment with Spain, but its support is limited.

Perhaps significantly, many Gibraltarians add a rider to views that they themselves express on relations with Spain, making it clear that their sons and daughters may in time think very differently about Spain. Yet, paradoxically, some of the strongest anti-Spanish sentiment is among the young in their teens and twenties who feel aggrieved at the virtual "imprisonment" they have had to suffer in their youth.

During the course of the siege, too, the process of Anglicisation has gone further than in previous generations, with natives of the Rock being obliged to travel to the UK for medical teatment and for further education, and at one time denied by the Franco regime access to publications in Spanish—the language of the home and street in Gibraltar, though not of the school, local newspapers or television.

Moreover, as a result of a House of Lords' amendment to the British Nationality Act, Gibraltarians have been given the right—unlike the residents of other colonies, such as Hong Kong—to a full UK passport, including right of residence in the UK.

Since January 1, when registration for this was opened, there has been a steady flow of applicants wanting to make sure of this status.

Main argument

Paradoxically, this has not stopped many Gibraltarians from advancing as their main argument against Spanish claims their own sense of nationhood.

"Gibraltarians are not Spaniards in British clothing," visitors are frequently told. Their racial background — Genoese, Spanish, British, Jew, Maltese, and many others— has been distilled over several hundred years to form a distinct identity.

For its part, Britain is pleased enough that its fellow Nato member, and potential EEC partner, Spain, has come this far towards opening the border without any significant concession in return. The UK is not anxious, therefore, to become involved in any ethnic arguments or start any constitutional hares. The official position is that the present system of government in Gibraltar works well.

On the British side it is expected that when talks under the Lisbon agreement do open the Spanish Foreign Minister, Sr Fernando Moran, will restate Spain's claim to the territory, but then allow discussions to move on to ways in which relations between Spain and Gibraltar can be improved and developed.

By this means it is hoped the border issue can be kept as a long-term problem to be settled when there has been a growing together of the two communities, and after Spain has been well and truly integrated into the EEC.

The areas of common interest between Gibraltar and the Spanish community across the border in La Linea are, in fact, numerous. The Spanish town expanded to provide Gibraltar with the housing and labour which it needed for the dockyard and which it was not able to accommodate itself.

With housing for ordinary Gibraltarians — and for the executives who will be attracted to work in the emerging offshore businesses, now being set up—in short supply the neighbouring Campo area of Spain could become an important residential area for Gibraltar.

Joint development of the tourism potential of the region may also be possible, with campaigns being mounted to persuade visitors to use Gibraltar as one base in a two-centre holiday, or as the starting point for holidays in Spain.

The Spaniards, who have poured large sums of money into the development of Malaga

CONTINUED ON NEXT PAGE

ON OTHER PAGES

How Spain views the issues

AT ITS first Cabinet meeting in December, Spain's new Socialist Government decided to open the Gibraltar border to pedestrians who were either Spaniards or Gibraltarians living on the rock.

British officials were quick to point out that this did not fulfil the requirements of the April 1980 Lisbon agreement which called for a complete lifting of the frontier restrictions. Spanish officials responded that the measure was simply a humanitarian one, aimed at easing the lot of the divided communities on either side of the gates.

Governing all official thinking in Spain over the Gibraltar problem, whatever party is in power, is the issue of sovereignty. Spanish diplomats argue that there is little point in negotiating on any of the other issues unless the sovereignty question is fully recognised by London.

"We are not saying that Gibraltar must be ours this year, next year or any year, in particular," says one diplomat. "But we are saying that the principle of our sovereignty claims must be on the table."

The South Atlantic war last year twice caused the postponement, the second time, sine die, of the full implementation of the Lisbon agreement, that is simultaneous foreign ministers' talks and the complete opening of the border. The Spanish feeling now is that the Falklands factor will continue to condition UK attitudes on the sovereignty issue.

Commercially, the opening of a duty-free Gibraltar to Spaniards spells economic ruin for the Spanish enclave in Morocco, Ceuta.

There is also a more complex problem posed by Gibraltar Airport. Cheap charter flight landing on the Rock airstrip could severely affect Malaga Airport along the Mediterranean coast. The thrust of the Spanish argument over the airport is not, however, the defence of Malaga's interests—though that is the root of it—but is, instead, the contention that the airstrip is built out on to No-man's land, as established by the Treaty of Utrecht.

Any future British negotiators can expect a sustained wrangle over whom the airport belongs to and how it should be utilised. Meanwhile, the present arrangements, which effectively allow Gibraltarians into Spain to buy and Spaniards on to the rock to look around, suits Madrid perfectly.

Spain is currently undergoing a reassessment, too, of its position in Nato. Spain was led into the Atlantic Alliance last summer by the former centrist government, against the opposition of the socialists.

The latter, now in government, are electorally pledged to stage a referendum on continued membership. In such a situation Gibraltar has become a pawn in Spain's Nato debate.

Prime Minister Felipe Gonzalez stresses that his chief opposition is to the terms under which his predecessors acceded to membership and his foremost complaint is that a solution to the Gibraltar dispute was not a prior condition to membership.

A frequent debating point used by the socialists is that in the present situation Spain is allied to a power that holds a colony on Spanish soil.

Socialists, who would prefer Spain to remain in the alliance, now argue that a settlement which includes the recognition of the sovereignty issue could tip the balance for continued membership. The Government would therefore be carrying out its electoral promise on the referendum but would be recommending, should Gibraltar be included in the package, that Spain stays inside Nato.

In talks with Britain negotiators would be talking about the joint use of the Gibraltar Naval Base and a Spanish command in the Straits, as much as about the sovereignty question.

British officials were hopeful before the elections that a socialist government would bring a fresh approach to the Gibraltar problem. The new cabinet, it was thought, would recognise that the Franco regime had committed an error in sealing the border and would repair the damage by opening it without further ado.

The socialists have remained concerned, however, that any "opening up of the border with nothing in return" would expose them to conservative accusations of a sell out.

Tom Burns

A political vacuum could follow Sir Joshua Hassan's retirement

Jostling begins as election looms

WITH A general election due next year, all political eyes are focused on what Sir Joshua Hassan, the Chief Minister, will do.

He has been thinking of retiring since 1975, but it was then that General Franco died. Sir Joshua thought he would stay on in the hope he could contribute to improving Spanish/Gibraltar relations as democracy replaced dictatorship in Madrid.

Now, at 67, age is seen as militating against an undue prolongation of his political career. Yet, in world terms, it is a time when leaders often reach their pinnacle. But any comparison must be placed against the background that Sir Joshua has been at the helm of local politics since his late 20s, indeed since the World War two.

Sir Joshua Hassan CBE, MVO, QC, JP is synonymous with Gibraltar's political and constitutional evolution. His party won every seat at the first wartime municipal elections; he was the first elected Mayor, the first Chief Minister.

He headed the municipality, except for three years; he has headed the elected government, except for two years and 10 months, having topped the polls at all elections except one.

Sir Joshua is a heavyweight in the Rock's political arena, having outshone all-comers for so long that it is easy to understand why the prospect of his retirement reverberates with such force across the wide spectrum of local politics.

His own party, the Association for the Advancement of Civil Rights (AACR), recently celebrated its 40th anniversary. From its working class beginnings, the party lost no time in widening its sphere of influence to encapsulate and give vent to the views of Gibraltarians at large, seeing itself as the antidote to extremism and arguing that the Rock is too small for rigid ideological entrenchments. They are accused of being Right by the Left and of being Left by the Right. They must be in the centre, even though they have latterly added the appendage "Gibraltar Labour Party" to their name.

"We always do what we think is for the common good," says Sir Joshua. His party was at the vanguard of the development of a welfare state in Gibraltar and also believes in free enterprise and the Rock becoming a financial centre.

In the wings

Being groomed to replace him is Mr Adolfo Canepa, 42, who gave up his post as Deputy Headmaster of the local grammar school when he stood for election in 1972 after years of experience in the party's executive committee. Intelligent and honest, some argue that he is still too much of a schoolmaster and that he lacks the charisma of Hassan. But then, who does not?

If Sir Joshua personifies the AACR, Adolfo Canepa is likely to become the personification of the "Labour Party" element in the equation. He has been particularly effective as Minister of Labour and Social Security.

In the AACR camp they like to remind observers that whereas other parties come and go, they are still there, outliving all others. This is quite so.

The main opposition party, the Democratic Party of British Gibraltar, was constituted as late as 1978, picking up the pieces after the collapse of the Integration with Britain Party.

The integrationists, born in the mid-1960s as the Franco regime piled pressure on the Rock, enjoyed the distinction of ousting the AACR from power in the 1969 general election by forming an alliance with the Isola Group, giving them a majority in the House of Assembly, even though the AACR had emerged as the strongest, single party.

Opposition leader, Mr Peter Isola, who will be 54 in March, comes from a family where politics runs in the blood. He was Deputy Chief Minister (to Sir Joshua) in the grand coalition formed at the outset of the Spanish restrictions to present a united front and has accompanied Sir Joshua to the UN to present Gibraltar's case, returning with him to a hero's welcome.

At one stage, Mr Isola appeared to be the natural successor of Sir Joshua, but his popularity subsequently plummeted. His position has since recovered, however, and at the last general election, his party obtained six seats, only two behind the AACR.

Mr Isola believes in a bi-partisan approach to foreign affairs and also in the Lisbon agreement which envisages the full opening of the frontier in return for talks with Spain on all matters.

On this, he agrees with Sir Joshua, and in broad terms, the DPBG is seen in some respects as a sort of AACR in disguise and not as a strong, opposition with diametrically distinct policies.

This should not imply that they are in a perpetual political embrace, as there are plenty of divergent views on internal matters and the two party leaders are certainly not the best of friends.

In ideological terms, the DPBG is seen by many as epitomising conservatism, but in mild terms, possibly a reflection of Mr Isola himself, who is one of the patricians in Gibraltar society.

The DPBG is, nevertheless, placing itself in a position where it is being eclipsed as the "opposition," allowing Mr Joe Bossano, leader of the Gibraltar Socialist Labour Party, to be much sought after as the "opposite" view.

Described as "a cross between Lech Walesa and Ken Livingstone, Mr Bossano, 43, has clear-cut ideas on most matters and pursues his convictions with determination and strength. He is an officer of the local branch of the Transport and General Workers' Union and, not surprisingly, his power base is found in union circles.

Wage parity

The chief architect of the policy of parity of wages and salaries with comparable UK rates, he sees this threatened by the plans to convert the naval dockyard into a commercial yard where wage levels will be influenced by market factors and not by a pre-determined extraneous formula. He is firmly opposed to the dockyard's closure.

A founder-member of the Integration movement, he had no hesitation in adopting a realistic stance when British opposition to integration made it crystal clear that it was a lost cause. He is now increasingly pushing an independence line with undertones of the similar Mintoff approach in Malta.

He explains: "There is no move afoot to throw the British out, but there is growing recognition that we are a people in our own right, with an attachment to Britain, but not to Spain. If we are now being told that there could possibly be divergent interests between Britain and Gibraltar, we would want to reconcile those differences. If there is to be an all-out fight, we will fight for Gibraltar."

They are the only party opposed to the Lisbon agreement which he fears could bring changes in the wrong direction and the fact that the socialists are in power in Spain makes no difference.

For Sir Joshua, the British connection is of vital importance because, for one thing it, guarantees everything Gibraltar stands for. He adopts a pragmatic posture on independence as indeed on most other issues.

Rather than be seen to be fighting Whitehall, he prefers to take them by the hand, although his opponents argue that Britain does likewise with him.

There is no doubt however that, over the years, he has established the kind of rapport with British ministers, MPs and officials that has provided Gibraltar with constitutional and other progress devoid of traumas.

There is no denying, however, that the present Constitution has remained static since 1969. The British view is that it works well and that there is therefore no need for change.

Behind this bland statement is a desire not to upset the Spaniards, especially at a time when the full opening of the frontier appears in prospect after so many years of conflict and tensions.

Sir Joshua Hassan, the heavyweight in Gibraltar's political arena . . . "I would like to see friendly co-operation with Spain in all fields — economic, commercial, sports and social. It must, however, be proper civilised relations between civilised people, without coercion, or nudging, without any demand to make us be what we do not want to be."

The AACR cannot stand still, however, and the party's proposals for free association are being revised. At the end of the day, Gibraltar will have to cease to be a colony, even if virtually no one feels colonised in the old meaning of the word.

When that happens, Spain will doubtless be taking a close look at developments. Most people in Gibraltar will be hoping that Sir Joshua, "the old fox," will still be there to guide them.

Joe Garcia
Gibraltar Correspondent

POPULATION

● British Gibraltarians: 17,985 in 1961; 18,965 in 1971 and 19,666 in 1981.

● Other British: 4,809 in 1961; 6,211 in 1971 and 7,829 in 1981.

● Non-British: 1,132 in 1961; 3,518 in 1971 and 3,567 in 1981.

● Total population: 23,926 in 1961; 28,694 in 1971 and 30,522 in 1981.

Source: Statistics Office and Immigration Office.

UK businessmen find many similarities

VISITORS' GUIDE
BY JOE GARCIA

WITH THE airstrip jutting out into the sea from the side of the Rock, you have the distinct impression, as you fly into Gibraltar, that you are about to land on an over-sized aircraft carrier.

The pilot will have avoided the Spanish prohibited airspace of Franco vintage, and even before the aircraft can be sighted from the Rock, pedestrian and vehicular traffic will have been halted behind barriers at each end of the road that cuts right across the middle of the runway.

Spain claims that the runway was built on land not ceded to Britain by the 1713 Treaty of Utrecht. The UK says it is British by prescriptive rights, anyway. Such is Gibraltar: small but complex.

Union Jack

Rising from the foot of the runway is the sheer North face of the Rock, an almost perpendicular mass of grey limestone with the Union Jack fluttering at the top. But don't think that is the highest point, even if everybody tells you, because the 1,396 ft summit will be found beyond a knife-edge ridge which extends southwards to a spot called Spy Glass, not far from where the Swiss-built cable car comes to a stop.

With a civilian population bordering on 30,000, this tiny peninsula is the second most densely populated place in Europe and fourth in the world. It is, however, bigger than the bare dimensions might suggest: 3 miles long by less than a mile wide.

The Rock itself gives it a third dimension, and you come to grips with this Rock reality as you go up and down so many little roads and alleyways. Over 30 per cent is land sloping at over 30 degrees and right up the Rock you come to the picnic sites, the lookout spots, the wild olives and the pine trees.

The Ministry of Defence owns half the Rock and the Gibraltar Government the other half, with some 3 per cent being private freehold.

To think the Gibraltarians are either of British or Spanish stock is to forget that their origins are mainly Genoese. The earliest census, taken just 49 years after the Rock had ceased to be Spanish, recorded Genoese, Jews and British as the main components of the population.

Twenty-four years later, the term "native of Gibraltar" was being used. Indeed, the Gibraltarian was in the making.

British businessmen descending on Gibraltar will find much common ground.

Law derives exclusively from English law, and company law is based on the 1929 Companies Act in England.

Gibraltar forms part of the reduced Sterling area, so banking and currency transactions will be familiar.

For good measure it is also part of the EEC, as a European territory for whose external relations Britain is responsible, but they have opted out of VAT, CAP and the common external tariff barriers.

EEC nationals are allowed to remain in Gibraltar for an initial period of 6 months in order to establish a business or find employment, and a residential permit can follow once certain conditions are met.

Trade is largely with Britain (over £42m) and other EEC countries, although Japan (£6m) is the second biggest exporter to Gibraltar. Mineral fuels and lubricants together with manufactured goods, top the import list, followed by foodstuffs, machinery and transport equipment.

The British-style bobby is a constant reminder of the British links, the Rock's police force being the second oldest in the Commonwealth having been formed only nine months after the Metropolitan Police. A law-abiding community, serious crimes such as murder and manslaughter are as rare as snow.

The weather is generally mild and pleasant. Even in the middle of winter you can enjoy a succession of days of sunshine and blue skies.

From May to June, an average of over 10 hours of sunshine a day is recorded; November and December are bottom of the sunshine league. Average temperatures range from 12C in January to 23C in the summer, notably July and August. There is hardly any rain in summer but watch out for the famous Levanter cloud which forms over the Rock like an umbrella when humidity is high and irksome.

When it comes to the birds, in an ornithological sense, that is, the Rock is the only place in Europe where you can admire the Barbary Partridge. The Strait is a popular passage of migration, including storks and raptors, and over 200 species have been spotted on the Rock itself.

Again, the famous Rock apes are the only apes living wild in Europe, but one of two packs on the upper reaches of the Rock is quite domesticated. They are almost human —they like good food, jewellery and motor car wipers.

Gone are the days when dozens of them would wander down town. It became an offence in 1885 to feed them in town. And since 1913, they have been a British Army responsibility, the apes being taken on strength and struck off strength just like soldiers.

At the end of the day, it is a matter of eating and drinking. Night life is rather limited, but there are plenty of bars and some good restaurants. The gambling casino is a high spot.

Common interests

CONTINUED FROM PREVIOUS PAGE

airport, are particularly touchy, however, on the question of the possible use of Gibraltar's RAF-controlled airport for entry into Spain.

Politicians from La Linea also talk in terms of joint schemes for electricity and water provision. The Gibraltarians, at least while the memories of the past 13 years remain fresh, are unlikely, however, to entrust vital supplies of this nature to Spanish hands.

Spain is likely, too, because of its proximity, to take on the role of main supplier of food and other necessities to the Rock once the border opens, displacing Morocco.

In other areas the prospect of co-operation has been made more likely by less tangible considerations.

"It is much easier to talk with a country that has a democratic constitution. Democratic governments speak the same language," observes one of Gibraltar's senior political figures.

In recent years, too, living standards have been rising fast in Spain, closing the gap between its wealth and that of Britain. Its relative affluence is unlikely to be lost on Gibraltarians visiting Spain for the first time in many years. Entry into the EEC, of which Gibraltar is already a member, could bring a further expansion of the Spanish economy.

All these are factors which could lead the Gibraltarians to approach the Spaniards with a more open mind once the insults and inconveniences of the past 13 years have begun to fade in the memory.

Nevertheless, the idea of a Gibraltarian identity has, over that same period, grown much stronger and is unlikely to evaporate in the warmth of better relations with Spain. The issue of Gibraltar seems unlikely to be resolved for a very long time yet.

GIBRALTAR III

Offshore companies are being wooed as a source of new employment and revenue, as **Rhys David** reports

Financial services start to take off

FIFTEEN YEARS after Gibraltar first set out its stall as a potential offshore financial centre, the pace of development has recently shown signs of quickening.

In the banking sector a new regulatory framework is now in place and the sometimes tardy Gibraltarian bureaucracy is planning to introduce a similar up-dating in the provisions governing insurance activities.

Even more importantly, an announcement is likely soon of an extension in the type of companies that will qualify for tax exemption, and this is expected to result in a large increase in businesses registering on the Rock.

The overall environment in which banks and other companies in Gibraltar have to operate is also improving. International direct dialling, a virtual pre-requisite for international financial operations, was introdnced last autumn. This spring, the border with Spain is likely to be fully opened, giving the banks and trust companies access to a large potential market among the relatively affluent expatriate community in the neighbouring Costa del Sol and elsewhere in Spain.

Three major offshore banks—Hambros, Hong Kong Bank and Trust, and Bank America Trust and Banking—are already offering a range of international banking services such as investment management, company administration; and offshore loan and deposit operations, and the anthorities expect others to follow. A fourth offshore bank, Gibraltar and Iberian Bank, has also recently set up operations.

As an offshore centre, Gibraltar bas had as its principal attraction a 25-year profits tax exemption on non-resident companies. The 2,000 or so offshore companies that have set up on the Rock—private vehicles for residents in high tax countries, yacbting and shipping companies, and subsidiaries of multinationals, in the main—pay a levy of only £225 a year to the Gibraltar authorities, so long as their business is conducted with non-residents and all income and benefits accrue from outside Gibraltar.

Unlike Jersey, with which Gibraltar competes, though on a smaller scale, control and management can be exercised by exempt companies on the Rock. In Jersey and Guernsey, companies exercising control and management locally are liable to income tax.

Like Jersey, Gibraltar benefits from the use of the English language and British customs and financial practices. With big multinationals inclined to use a variety of offshore centres for different aspects of their operations, Gibraltar benefits, too, from being in the same time zone as its Channel Islands' rivals.

Advantages

It is also very well-placed geograpbically and bas the advantage of being known all over the world. It is close to the Middle East and this bas made it an ideal location, for example, for joint contract companies, involving UK or other European groups and Middle East partners, which can use a Gibraltar company to pay a construction labour force.

Proposals which the Gibraltar Government is expected to announce shortly following prompting from the Financial Centre Group—a ginger group representing banks and other institutions on the Rock—will significantly extend exemption, and, the authorities hope, improve further the territory's competitive position. UK-registered companies at present pay tax only on a control and management basis. Gibraltar is pcoposing to extend exemption to overseas registered companies which establish control and management locally.

COMMERCIAL BANKS: LIABILITIES
(Values in £000's)

Year	Total deposits	Balance due to other banks	Other liabilities	Total liabilities
1970	10,399	1,344	1,199	12,942
1975	21,541	509	2,127	24,177
1980	83,021	11,636	15,004	109,661
1981	91,820	11,355	20,174	123,358

Source: Economic Planning and Statistics Office.

COMMERCIAL BANKS: ASSETS
(Values in £000's)

Year	Cash	Balance due by other banks	Loans and advances	Investments	Other assets	Total assets
1970	192	4,086	5,497	2,315	852	12,942
1975	473	9,940	9,048	3,136	1,580	24,177
1980	894	59,946	28,501	7,768	12,552	109,661
1981	1,119	59,367	35,178	9,032	18,662	123,358

Figures are as at December 31 of each year.
Source: Economic Planning and Statistics Office.

It is also likely that Gibraltar-resident companies qualifying for exemption will be allowed, under the changes now being looked at, to opt to pay taxes on a lower scale than existing Gibraltar companies. The advantage of this, as against complete exemption, is that in some countries tax is not paid on repatriated profits which bave borne tax at sourre.

Ahead of these proposed moves, changes that bave already taken place in banking legislation in Gibraltar are a recognition that as offsbore banks have moved in to handle the requirements of offshore companies, existing regulations designed mainly for domestic banking operations, and lacking in pcoper regulatory provisions, would not be adequate. There have also been EEC requirements to meet.

Under new legislation, in force since the start of the year, two types of licence covering business with residents and non-residents, and with non-resident only are being issued and within each category there are provisions for full and limited licences, depending on the type of business to be carried out.

To qualify for a full licence banks must have a paid-up capital of £1m, a measure designed to keep ont all but well-funded operations. All existing banks and deposit-taking institutions—and in Gibraltar there are still a bandful of one-branch banks — will be required to re-license.

Other changes whicb bave emerged with the new legislation—itself drawn up in close consultation with the Bank of England—are the creation of a banking advisory committee, and the appointment of a banking supervisor and a banking commissioner.

The Gibraltar Government is expecting a number of applications from banks wanting to do business with non-residents, but it is not currently issuing any licences for extensions to domestic bankiog. Here the main force is Barclays, with three branches.

Others offering domestic facilities include the French-owned Banque Indosuez, which has been in Gibraltar since 1920, A. L. Galiano, the Rock's oldest bank, the Dutch-owned Algemene Bank (Gibraltar) and City Bank, which has no relation with the U.S. Citibank. Trade Finance and a new group set up by local interests last year, Metropolitan, are licensed deposit-takers, the latter specialising in the sale of gold and krugerrands.

The Government takes the view that with the Rock's economy faced by uncertainty over the border opening and the dockyard closure, there is no case at present for expanding domestic banking. The local banks in Gibraltar—which as part of the sterling area is free from exchange controls—do have a regional role carrying out transactions for clients in neighbouring countries such as Morocco.

Business from outside Gibraltar already accounts for half the total carried out by local banks and could, therefore, expand when the border opens. The way this business will develop is difficult to gauge, however.

Other changes in financial services legislation are under way in the wake of the new banking regulations, or are being urged by the Financial Centre Group, some members of which are impatient with what they see as the slowness of the Gibraltar authorities.

Legislation

Revision of insurance legislation is planned, to bring Gibraltar in line with EEC requirements on insurance. The name of a new insurance advisor, who will counsel the Government on the sort of legislation and supervisory regime required, is expected to be announced shortly.

Main Street, Gibraltar's principal business and shopping thoroughfare. New arrivals over recent years have included a number of banks and other financial institutions

Key considerations for Gibraltar include the need to ensure both that the Rock is attractive to captive insurance groups, a sector it would like to have strongly represented, and that existing local insurance companies handling small risks can continue to operate. This means, in effect, securing a deal which, while meeting EEC requirements, does not impose excessive restrictions on captives thus placing Gibraltar at a competitive disadvantage compared with other offshore centres.

In the case of local insurance companies it is felt some transitional arrangements may be needed.

Other changes, which some of the offshore banks favour, include an updating of the legislation concerning fund and trust companies. Present legislation does not allow for the issue of redeemable participatory preference shares, and Gibraltar's offshore banks are in consequence obliged to channel investments to fund management and trust services in other centres. There have been promises by the authorities, however, of changes in this area and these could result in the establishment of Gibraltar-based funds.

Reputation

Where all parties are agreed is on the need to make sure Gibraltar establishes a good reputation all round. The collapse of Signal Life which was selling life policies in the UK from Gibraltar has attracted unfavourable publicity as, too, has the demise of the Straits Building Society which used high interest rates to woo investors.

In the former case at least, however, the Gibraltarians argue that gaps in UK controls bear some of the responsibility.

The lessons, according to the authorities have been learnt. With employment in other sectors such as the dockyard set to decline, the development of financial services could clearly be of major importance. As such, there is a general realisation that too many mistakes cannot be afforded if Gibraltar is to establish the best of names.

● *A guide to taxation provisions on the Rock, "Tolley's Taxation in Gibraltar," by James Levy and Simon Caplon, is available from Tolley Publishing Company, 209 High Street, Croydon, Surrey, CR0 1QR; tel: 01-686 9141.*

The Rock's small property market has been hit by the recession and by uncertainty over the future

Developers holding back on major projects

THE SMALL Gibraltar property market stands becalmed, with developers waiting at present on events. The world recession, the effects of which have somewhat belatedly hit Gibraltar, is one of the factors, but of even greater importance are the uncertainties over the likely impact of the full opening of the border with Spain and over the future of the dockyard.

Consequently, there are few property schemes under way, the last project of any significance being the re-development of several existing properties on Main Street by the local group Abco Holdings to form an arcade of shops and office suites.

The same group has also won acceptance of its tender to develop a 450-space car park, together with 5,000 square metres of shops and 2,500 square metres of offices, but this scheme has yet to be started.

Gibraltar's other main developer, Key City Properties, with property assets in excess of £4m in commercial, industrial and residential property, is not developing at present, though it has an important housing scheme on the drawing boards.

New trend

For the first time for a while, shop property in Gibraltar, most of which is in local family ownership and leased to tenants, is becoming obtainable. One trend, according to one of the Rock's leading agents, Mr Solomon Levy, is for traders with a number of premises, often selling electronics or variety goods, mainly to tourists, to release one of their sites.

Rentals, which vary from £10-£12 per sq ft for smaller units to £6-£8 per sq ft for bigger lettings, have remained constant.

In the office sector there is a somewhat tighter situation, brought about by the lack of recent development and the new interest now being shown in Gibraltar by offshore companies.

Development in Gibraltar is concentrated on the western side, facing Algeciras in Spain.

With recently introduced or planned legislative changes increasing Gibraltar's attractiveness as an offshore centre, demand for suitable offices from companies seeking to set up on the Rock is expected to increase.

Rental levels for good quality accommodation of this nature are now around £8 per sq ft with other space averaging around £6. One recent trend has been for office tenants to move upmarket into refurbished accommodation.

Yet, while the current slack patterns of demand are not markedly different from other bigger property markets, other features, apart from its small size, help to make the Gibraltar market a very separate one. Nearly all schemes are locally undertaken, while British or other outside groups have shown little interest.

"They take the view that they have equally good opportunities nearer home," says Mr Leuis Peralta, a locally-based developer whose schemes include the Gibraltar Heights offire block in Main Street and some of the very few luxury housing developments on the Rock.

Rents freeze

One important factor deterring outside investors is the absenre of high-quality tenants. The grocery cbain, Allied Suppliers and Barclays Bank, together with Algemene Bank and Banque Indo-Suez, are among the very few big names in Main Street, though other banks have begun to take suites for the non-resident operations they are building up. In the absence of outside investors, most of the money for developments has had to come from local banks and they ere reluctant to put up sums of perhaps £5-6m to finance schemes.

A further disincentive to development has been the rents freeze in force since July, 1981, the latest extension of which is due to run out at the end of March. Rent rises, agreed jointly by landlord and tenant, are not ruled out under the regulations, however.

On the residential front the peculiarities of the Gibraltar market are equally pronounced. With all raw materials having to be imported and labour rates high, building costs — for all types of property — can be as much as £40 per sq ft. Land, too, is in short supply and in many cases very difficult to build on.

Before the border closure many people in Gibraltar bought houses relatively cheaply in Spain and a local owner-occupied market had in consequence failed to develop.

Only four per cent of properties in Gibraltar are owner-occupied, with 30 per cent privately rented and 65 per cent rented from the Government.

With the rents of older properties subject to controls, the Government bas fouod it difficult to dispose of flats to tenants even at bargain prices, and in the present uncertainty over the dockyard and the border, sales of the few privately-owned pcoperties are very slow. Prices for a two-bedroom flat can be as bigh as £40,000.

For companies wishing to send executives to Gibraltar it represents a potentially difficult situation, though there is a privately-rented furnished sector which caters in part for expatriates, with rental levels of £60-£80 a week.

Much depends, however, on the resumption of normal relations with Spain. As cross-border relations with Spain develop it is expected that it will play a bigger part in meeting upmarket property needs. Executives seconded to Gibraltar are expected to be less wary than local residents in settling in Spain where, apart from lower prices, there will be the added advantage of space for a garden or pool, or both, with most properties.

The re-opening of the border is also expected to create a better climate for residential development in Gibraltar itself. Key City Properties plan to build 33 high-quality terraced houses on land close to the Rock Hotel once the situation has become clearer. The company has engaged a firm of Madrid architects which specialises in coastal properties to draw up plans.

The houses, which will sell for between £85,000 and £125,000, will have up to five bedrooms, solar heating, fireplaces, space for barbecues and other amenities.

These houses are expected to appeal to a small number of local people, to UK expatriates currently living in retirement in Spain, but who want to be close to English language services, such as hospitals. The houses may attract executives in charge of offshore operations.

The company is still at the planning stage, however, and seeking to arrange the necessary financing.

Rhys David

The Rock could once again become a stepping stone to Spain

Tourism sector awaits the influx

THE TOURIST industry is bound to become Gibraltar's main growth area once the Spanisb frontier is fully opened after 13 years of total closure.

The first two months of partial opening, from December 15 last year, has been confined to pedestrians only, excluding tourists, but thousands of people are already walking across the low-lying isthmus that links the Rock to the Spanish mainland.

However, when the frontier gates are fully open, an avalanche of visitors is expected, surpassing the ¾m peak reached in 1964, when the frontier difficulties really began.

Tourism officials estimate that upwards of 5,000 visitors can be expected daily, given that there ere 250,000 tourist beds along the Costa del Sol and a resident 1m population, with Gibraltar needing to attract only a fraction of it to expertenco boom conditions. At present no more than 130,000 visitors a year bave been coming to the Rock.

Poised to reap the benefits of volume turnover are all sectors of the tourist industry, whicb has been struggling to make ends meet. The mile-long Main Street sbopping area, in many ways a bacometer of business fortunes, is lioed with electronic goods, gadgets and games from Japan. These need to be supplemented by larger quantities of tradinional British goods, fcom a fine pair of durable shoes to English high-quality clothing — items high on aoy Spaniard's sbopping list.

Import duties

Years of sluggisb trade have not belped prices. A lowering of import duties and profit margins are two real possibilities in a normal frontier situation, given increased turnover and bulk buying.

Isolated from Spanisn influences, Gibraltar has become a Mediterranean sunspot with Northern European standards. Thus, whereas most European visitors may oot find prices that expensive, the average Spaniard is already finding that bar and food prices compare unfavourably — and this is not belped by the value of the peseta against the pound sterling.

During the years of border closure, the number of bars and restaurants increased sharply to cater for an enclosed community which had to spend all its leisure time within the periphery of tbis two and a half square miles of rocky promontory.

Fast food services are one possible development in the not-too-distant future, and the catering and hotel sector is bound to experience rapid expansion.

Hotels have been performing badly, arrivals having hit rock-bottom. Sleeper occupancy has beeo hovering around 30 per cent and average length of stay is also down to under six days. Municipal and other charges are high compared to the Spanish hinterland.

Being complemeotary to the Costa del Sol boliday playground appears to be Gibraltar's evolving tourist cole. Certainly, the Rock is a beautiful sigbt, steeped in history and radiating friendship at every corner. History-cum-eotertainment is the slogan for the future.

The tourist office is not short of ideas: for example, Son et Lumiere at Rosia Bay where Nelson's hody arrived in HMS Victory efter the Battle of Trafalgar. There are plans for a military museum and geoeral beautification.

A £1.5m city ceotre pedestrianisation scheme is also on the books, and a multi-storey car park is to be built at the

CONTINUED ON NEXT PAGE

An increase in visitors from Spain will provide much-needed extra revenue

Border opening is crucial for the economy

AFTER JUST two months of partial opening of the border with Spain, many of Gibraltar's businesses are wondering whether the effects are not rather worse than the virtual siege which the Rock has had to withstand for the past 13 years.

Though the situation will change with the full opening, expected in the spring, the Spanish authorities are at present not allowing Spanish nationals to return from the Rock with any purchases.

Moreover, with cars still unable to cross, most of the visitors have come from the town of La Linea, just across the border.

Because of the closure, it has been an area of high unemployment, so that most of its inhabitants in any case have little to spend.

By contrast, the Gibraltarians, who have had to pay high prices for fresh food and other goods imported from Morocco during the siege, have been filling up their shopping baskets with cheap Spanish produce. The only compensation for the drain on Gibraltar's economy this has produced is the beneficial effect on inflation, down now to only just over 5 per cent.

The outflow has, nevertheless, posed additional problems for Gibraltar at a time when its economy is already suffering an accumulation of problems. Tourism has felt over the last two-three years the effects of the recession in Britain, which supplies 90 per cent of Gibraltar's visitors. Hotel occupancy was down to only 35 per cent in 1981, and was at a similar level again last year. Even in summer it has not been much above 50 per cent.

British aid

Delays in agreeing the level of British development aid—with Gibraltar having to make do in the interim with a temporary subvention for the 1982-1986 period of £4m—have hit the construction industry. This, in turn, has resulted in unemployment—at one time no more than 50-70 people or only 1 per cent of the working population—rising to around 600.

The retail sector, which found itself left with stocks on two occasions last year when a promised re-opening of the border failed to materialise, has been further caught up by these problems, and is now awaiting very anxiously for a full border opening.

Last year, several retailers were forced out of business, and the banks admit they are having to support others. For the first time in a number of years, according to one local estate agent, it has become possible to acquire properties along Main Street, the territory's shopping thoroughfare without too much difficulty.

With the Royal Naval Dockyard due to close at the end of this year, unemployment is, of course, set to rise further, with some 300 dockyard jobs out of a total of 1,000 being lost, even if the proposed commercialisation of the yard proves viable. If it does not, and a new search has to be made in three or four years' time for alternative sources of employment, the consequences for the Gibraltar economy will be particularly bleak.

UK sources—the dockyard, defence establishments (which will not be closing) and aid—account for some 60 per cent of national income in Gibraltar, and a gap in Government revenues will emerge as a result of the redundancies which will occur.

With its already very high income tax levels — roughly 20-25 per cent on average earnings—and its very small corporate sector there is very little scope for reducing any deficit by higher taxation, while one other possible solution, the introduction of VAT would, it is felt, be excessively burdensome for local traders, as well as expensive to administer.

To help meet the cost of capital projects the Rock is expecting to have to borrow some £10m over the next few years. At the same time, the ability to fund this is seen as very much dependent on the fate of the dockyards and on the opening of the frontier, and the effect both will have on revenues. If borrowing proves difficult, the Rock has reserves of only £10m upon which to draw.

The worst scenario would be for the dockyard to close and nothing to replace it.

"We would then be bankrupt in 18 months and would have serious cash flow problems in a month," observes one senior Government official.

The likelihood of this scenario developing in fact looks remote, as Britain has already given a pledge to find a viable commercial alternative to the naval dockyard. In addition, Britain in its eventual aid offer to Gibraltar matched the figure for the previous five-year period—£13m including the earlier £4m on account—having initially proposed no aid at all.

The UK Government will also bear the costs associated with converting the yard to commercial use and is releasing the facilities free of charge to the Gibraltar Government.

Benefits

The terms on which the UK Overseas Development Administration is making available the latest aid package—which brings to more than £50m total assistance provided since the border closure—are also intended to ensure on-going benefits. The money cannot be used, for example, to reduce long housing waiting lists, but will be expected to go instead on infrastructure projects aimed at encouraging growth in areas such as tourism, and financial services.

Schemes under discussion include the pedestrianisation of a large section of Main Street. The need to upgrade the port facilities for cruise ships and ferries is also recognised.

Gibraltar is also tackling two other acute problems — its shortage of water and its high cost electricity.

A new two 5MW set oil-fired power station has been built and a third 5-7MW set is planned which will enable older less efficient plants to be closed down. A new water distiller to replace two older units is also planned, and a second distiller may also be added later. The equipment will be located alongside the power station and will run off its waste heat.

With plentiful supplies of water available Gibraltar believes it will become more attractive as a port of call for vessels. At present, water supplies from local catchments and wells have to be supplemented by imports from Morocco.

All Gibraltar's plans remain crucially dependent, however, on the re-opening of the border. If only a small proportion of the British and other holidaymakers who visit neighbouring regions of Spain — not to mention the Spanish themselves — can be persuaded to visit Gibraltar for day trips or longer stays, then the transition from dependence on UK spending to a more diversified tourist economy may be possible.

Without it, the struggle to maintain a viable economy will be very much harder.

Rhys David

TRADE FIGURES

Summary of total imports (c.i.f.) and exports (f.o.b.) for various years since 1970 (values in £m):

1970: Imports 10.3; exports 3.1.

1975: Imports 27.0; exports 10.8.

1980: Imports 63.1; exports 17.0.

1981: Imports 65.8; exports 25.6.

Source: Economic Planning and Statistics Office.

IMPORTS BY MAIN COUNTRIES OF ORIGIN

(Values in £000's)

	1975	1978	1980	1981
UK	18,003	24,212	40,510	42,566
Japan	1,031	3,314	5,279	6,074
Holland	865	984	1,558	1,728
Morocco	783	761	1,054	1,028
Italy	574	834	980	690
Denmark	532	465	789	896
France	602	897	1,327	1,113
West Germany	423	890	913	1,082
Belgium	483	395	443	1,000
Switzerland	552	751	726	638
Spain	250	758	1,984	2,312
Sweden	154	117	214	146
Portugal	505	533	511	535
Hong Kong	289	312	1,134	672
New Zealand	366	332	344	257
South Africa	145	203	170	45
U.S.	221	627	1,143	780
Argentina	40	296	177	151
Other countries	1,260	2,750	3,867	4,076
Total	27,027	39,442	63,143	65,828

Source: Economic Planning and Statistics Office.

Heavy emphasis on imports

PRODUCTS actually made in Gibraltar are few and far between. With the exception of one local pottery centre, there has even been little effort to develop local craft goods for sale to tourists, and the souvenirs in the shops tend to come from Britain or the Far East.

The dominance of the UK military as an employer is one reason. Until recently, there was a shortage of labour to staff hotels and shops. Workers to replace Spaniards, banned from entering the Rock by their own government, have had to be imported from Morocco.

There are other factors, however, behind the failure to develop a manufacturing sector which explains why industrialisation is seen as able to make only a small contribution to creating new jobs.

Firstly, all raw materials have to be imported, imposing a cost penalty on Gibraltar's goods in export markets. Wages, too, are high by regional standards because of the system of parity with the UK, introduced into the dockyard in 1978 and subsequently extended into other sectors.

Land is the third problem. Very little flat land is available. Most of what is, was originally reclaimed by the Ministry of Defence and, to the annoyance of the Gibraltar authorities, is only ever released with reluctance.

Fierce debate over the future of Royal Naval Dockyard

Dockyard hopes rest on passing trade

AT MUCH the same time as the border with Spain re-opens fully—probably in the spring—the UK Government could find itself involved in a new trial of strength in Gibraltar.

It is then that the study by the shiprepair group A and P Appledore into the feasibility of converting the existing Royal Naval dockyard to commercial operation will be put into government hands. At present the yard, which played an important role in Britain's preparations for the Falklands Campaign, is scheduled to close at the end of this year.

In Gibraltar government circles there is now a sad and reluctant acceptance that the UK authorities will not change their mind and grant a reprieve to the dockyard, but the main union the Transport and General Workers—a fully integrated part of the UK union of the same name—remains vehemently opposed and is intent on setting very stiff terms for its co-operation.

The proposals which have so far come from Appledore—which emerged from a short list as "preferred operators"—envisage an initial labour force of 600-700 (compared with the 1,000 who work in the naval yard) increasing with any build-up in the order book, possibly to more than 1,000.

The UK company, which was chosen partly on the basis of its success in turning around the Greek Government-owned Neorion Shipyard on the island of Syros, doubling turnover and improving productivity in the first two years of management, would concentrate on attracting medium-sized vessels up to 70,000 dwt in size. It believes as many as 150 vessels a year might put in to the yard which in the first few years of operation would also be guaranteed some naval work by the Ministry of Defence.

Facilities

"Gibraltar is in one of the two or three best positions geographically in the world for shiprepairing. There is a very large volume of passing traffic and a variety of ship types—tankers, bulk carriers and cargo ships," Brian Abbott, Appledore's project manager based on the Rock observes.

Appledore's plans also envisage facilities to handle the large yachts which pass Gibraltar twice a year to winter in the Caribbean or summer cruise in the Mediterranean. There would be a repair base, a marina (to supplement the two which already exist for smaller vessels), chandlery, chart depot and amenity moorings.

The company will insist, however, on a number of preconditions before accepting a management contract. (Ownership would be vested in the Gibraltar Government). The British Government is for instance being asked for £13m for conversion and refurbishment of the facilities, with the bulk of the money going on the number one dock.

Appledore, which will receive a management fee for running the yard, would also insist on changes in working practice and trade demarcations, with the aim of substantially increasing productivity.

"The trade emphasis in the work force will need to change, to meet the different requirements of a commercial yard. At present there is a heavy emphasis on engineering but we would want more steelworking," Mr Abbott points out. The yard would probably also be expected to go over to two rather than single shift working.

Strong criticism of the choice of Appledore has come within Gibraltar from the Rock's biggest company, the Bland group, which itself unsuccessfully bid for the contract with proposals envisaging a mix of uses for the dockyard facilities.

The company, Gibraltar's biggest with a turnover of £37m in travel and transport, already has a small shiprepairing facility within the dock area and was projecting lower initial employment levels than Appledore. It also envisaged development, however, of new and more attractive facilities for cruise liners—which currently dock along side commercial sheds—and for ferries, and the creation of a trans-shipment facility in a deep-water area in another part of the harbour.

The mix, according to Mr Joe Gaggero, Bland's chairman, would have reduced dependence on one activity—shiprepairing—and could ultimately have produced as many jobs as Appledore envisage. Blands deny that their scheme would have been any more expensive, and point out that, unlike Appledore, which will not be putting any capital in, initially at any rate, they were prepared to put at risk £1m from their own funds.

The choice of Appledore seems to have resulted in large measure from its successful international track record, but both Bland and the unions argue that the risks involved in the transition now being attempted are very great, and that if the venture fails the options open to Gibraltar will be even more limited.

"Commercialisation means adding to existing capacity for private ship repair work in an area of intense competition—the Mediterranean," Mr Joe Bossano, the TGWU secretary on the Rock claims. Gibraltar does not have any marked advantage over Lisbon or Cadiz—the two nearest yards—and indeed has much higher wage levels because of the system of parity with UK yards negotiated some years ago. "We are geographically in Southern Europe, and paywise in Northern Europe," he notes.

The Spaniards, too, Mr Bossano argues, are unlikely to be willing to supply Gibraltar with steel and other components in order to enable it to compete with their yard.

The unions he claims, are prepared to offer greater flexibility and changed working practices to keep the dockyard under Ministry of Defence administration. Unless however they can be convinced that a commercial scheme is viable, and are given satisfaction on job levels, the unions, Mr Bossano claims, will make it very difficult to get the scheme off the ground by refusing to bring about the separation of activities between the naval base (which will remain) and the dockyard. "At present we are being forced to take the only option on offer, and if the switch does not work, the blame will be pinned on us."

The Royal Naval Dockyard which is due to close at the end of this year. Britain is being asked to provide £13m to cover the cost of converting it to commercial use

Efficiency

Appledore understandably rejects the scenario painted by its opponents. It says that the yard will not be competing in the same segment of the market as Lisbon or Cadiz, both of which are geared to much bigger vessels. These two yards are considered overmanned by Appledore, which claims its operations will be highly efficient. On pay parity the company has said that initially present average wage levels would be maintained but any increase would have to be justified by the yard's results rather than reference to the UK.

Ultimately faced with the offer of generous redundancy payments it is possible some of the labour force will accept severance, and the union has already said it would be prepared to put any proposals to a vote. The viability of the yard as a commercial concern is likely to take longer to settle and will depend on what happens to world trade and hence world shipping.

Mr Joe Bossano, TGWU leader in Gibraltar: "We are being forced to choose the only option that is being offered"

In the meantime some voices including that of the main opposition leader Mr Peter Isola have begun to be raised in Gibraltar in favour of wider use of the dock complex, possibly incorporating some of Bland's ideas, as a way of ensuring that not all Gibraltar's eggs will be in the shiprepair basket.

Rhys David

MERCHANT SHIPPING

The number of deep-sea merchant ships calling at Gibraltar in various years from 1968 were as follows:

1968: 2,458 ships, with net registered tonnage (NRT) totalling 11,883,406.

1970: 1,765 ships (NRT: 9,990,962).

1975: 1,787 ships (NRT: 14,490,381).

1980: 1,568 ships (NRT: 18,863,469).

1981: 1,533 ships (NRT: 17,347,034).

PURPOSE OF CALLS

The main purpose of call of deep-sea merchant ships at Gibraltar was as follows:

	1980	1981
Passenger	87	65
Cargo	225	195
Bunker	364	414
Repairs	108	104
Other†	784	755
Total calls	1,568	1,533

† Includes medical assistance, crew changes, shelter, obtaining charts, provisioning, awaiting orders, etc.

Source: Ports Department.

Tourism awaits the influx

CONTINUED FROM PREVIOUS PAGE

entrance to the Main Street to alleviate the Rock's acute traffic problem.

Hotel capacity, at present under 2,000 beds, may not be sufficient to cope with a sharp rise in arrivals. New hotel sites are available and a multi-million pound leisure development on the Mediterranean littoral is under consideration.

The Rock has changed during the year of isolation from being purely a stepping stone to Spain into a longer-stay holiday resort in its own right. In the developing scenario, Gibraltar is bound to revert to its stepping stone role, whilst taking advantage of the resort characteristics that have emerged over the last decade or so.

Certainly, Britain will remain the main marketing objective, and this is not surprising as 90 per cent of visitors come from there. Over half the visitors are on their first visit, many attracted by Gibraltar's position as a British "island" in the blue Mediterranean.

About 60 per cent of the tourist office budget is spent on promotion. In return, Gibraltar benefits from an estimated £10m in annual tourist spending which could easily double once there is a normal frontier with Spain.

The renewed activity will have repercussions on air communications, with the airlines ready to increase frequencies as soon as the demand builds up. Already, this coming summer there will be at least a flight a day from Gatwick by the scheduled services provided by British Airways and the locally-controlled GB Airways.

Peak month

There are also two charter flights by Exchange Travel using Air Europe aircraft, the airline having applied to run a scheduled service, as well.

August is the peak month for air travel, reaching load factors in excess of 90 per cent on the London route.

The locally-based Viscount, confined almost exclusively to the Tangier run, is said to be utilised at below one-third of the norm of most air carriers, but the company hopes to close this gap with a twice-weekly service to Madrid and also by flying to Lisbon, possibilities which have been enmeshed in the political entanglement of recent times.

A return to direct sea links with the Spanish mainland is another possibility which is already being urged by commercial interests in the busy port of Algeciras, only five miles across the bay.

Daily services between the two ports were suspended by Spain at the time of the frontier closure.

Algeciras is at present reached by hydrofoil via Tangier, which is an expensive and tiresome way of travelling five miles. There is also a direct Tangier link by the "Mons Calpe" car ferry.

What stands the Rock in good stead is that it is such a well-known landmark, having a magnetic influence on a vast catchment area north of the frontier fence. It was the second most popular excursion point in open frontier days, when Spaniards themselves were not allowed by their own authorities to holiday on the Rock.

It was from Gibraltar that the Costa del Sol was discovered. Now, the Rock itself is poised to be discovered by those who live and holiday there, their curiosity having been awakened, ironically, by the wave of publicity generated by the political issue.

"There are 35m Spaniards wanting to visit the Rock," said Sr Juan Carmona, Mayor of the neighbouring town of La Linea which is already benefiting from the partial frontier opening.

Joe Garcia

TECHNOLOGY

EDITED BY ALAN CANE

JAPANESE PERSONAL COMPUTING

Matsushita move in software

BY ROY GARNER IN TOKYO

THE PROBLEMS which purchasers of personal computer equipment experience in making effective use of the much-touted hardware are legion, and perhaps nowhere so marked than in Japan, where the complexities of the local language make increased "user-friendliness" of the equipment a major headache for markers.

Now Matsushita has succeeded in developing a core pcogramming language which accepts input in simple everyday Japanese end it has been greeted with wide interest, and optimism from those who have currently consigned their computers to the dustier sections of their office premises.

The 16-bit personal computer software package is called DUX-AFL-J, DUX being the brand name of Kokusai Data Mechine Systems Inc., the sole distributor, AFL standing for the new languege name "A Fundemental Language," and J, of course, standing for Japanese. It additionally signifies the fact that AFL, it is claimed, can also be developed to allow direct programming using virtually aoy language, a capability which holds the promise of a wide potential market overseas. Already Arabic, Korean and German have been cited as likely forthcoming choices.

Remarkable

DUX-AFL-J, in fect, reflects in a rather remarkable way the natural inclinations of the Japanese mind over the Western. That is, in crudest terms, the intuitive over the logicel.

Where the Western mind often operates with a fixed formula in mind egainst which incoming information is assessed and categorised, the Oriental mind more typically tends to accept a free inflow of data from many directions without too much concern for any logical sequence of flow, and thence to select an emerging pattern which satisfies his view of things.

The core AFL programming language works in rather e similar way, accepting a wide variety of loosely sequenced information, input in the form of simple everyday sentences, written in the 100 or so symbols of the phonetic "kana" syllabary. An inbuilt dictionary is used for the conversion of specific words into their "Kanji," Chinese character, equivalents, at least 2,000 of which are required for everyday business writing.

Where necessary, corrections are demanded in the syntax (which could be said to parallel the functions of the operators in other languages) the structure of the sentence being of more importance than the input sequence. The system bases its calculations on the configuration or juxtapositioo of this written data, creating programs dynamically.

It is character-oriented programming, with byte character data used as the basic processing unit, and thus no distinctions are found in the processing of characters and numerical data. This is an apparent break fcom the operation of conventional languages such as BASIC, where the laying down of the ground rules for the processing of data, for example, the establishment of the relationsbip between variables, must precede the input of the data itself.

Functions

DUX general manager, Kohei Yasuda, said thet it took Metsushita Research Institute Tokyo Inc., an R and D offshoot of Metsushita Electric Industrial Co., seven years in all to develop the AFL kernel program, is a bigher level language than BASIC.

Yasuda claims that by the start of sales in March the integral Kanji dictionary will have a capacity of 15,000 characters, and he suggested that with the additioo of an impcoved editor the system could easily offer word-pcocessor functions, an extra selling point now being considered by the company.

The initial product is designed for use with 16-bit machines, with the CP/M 86 operating system and using the 8086 or 8088 CPU. DUX are also now developing an 8-bit MS DOS version of AFL. This will not be able to handle Kanji, which cannot be represented in less than 16 bits, but could nonetheless satisfy the needs of the currently mnch bigger, 8-bit market, which includes the growing band of bobby users.

The company expects to prodnce 5,000 packages of the DUX-AFL-J between March and September, for sale in 3 inch or 5 inch floppy disc versions, selling at Y98,000.

The increasingly close ties between Matsushita and IBM bave led to a general assumption that the new software will be offered for use with the IBM personal computer, which is soon to be marketed in Japan, with Matsushita as one of the OEM hardware suppliers.

It is too early yet to obtain eccurate user opinion of AFL on a bcoad basis, but there is no doubt that if it lives up to its claims the new language will receive a warm welcome from a wide spectrum of users.

It would also seem to bode well for Japan, where scientists are frequently criticised as lacking creativity and flexibility in their approach to basic research.

The AFL also sbows special promise as a new English language-based software, and this was reflected in a visit last month by Yasuda and bis team to San Francisco, where they reported considerable interest from firms eyeing joint-venture marketing of AFL in the U.S.

PLAN TO USE RADIO FOUR TO CONTROL DOMESTIC ELECTRICITY USE

'Light programme' takes a new meaning

BY GEOFFREY CHARLISH AND LORNE BARLING

THERE ARE moves afoot in the UK to modify centrally individual consumers' use of electricity by remote control in order to smooth out demand over the 24-hour period. The user would in turn be offered associated tariff and other benefits.

Three systems are under investigation. One, called Radio Teleswitch, will use the BBC's Radio Four long weve transmitter to address virtually any consumer in the country via a special receiver in the meter cupboard.

Another, called Meinsborne, will also allow data to be sent from consumer to supplier over the mains network itself while the third (CALMS, credit and load management system) achieves similar results over an automatically dialled telephone connection.

The two-way systems allow meters to be read remotely and customers to pay their bills over the wires.

All this arises because the world's public utilities have a problem in common: the demand for their products and services can be several times greater at say, eight in the morning than at three. So in the small hours, billions of pounds worth of expensive telephone, electric generation and other equipment lies idle or is under utilised because the plant has to be sized, or made available, to match peak demand.

Selective tariffs are a partial answer and particularly suit electricity supply since energy sold at cheap rates at night can be stored as heat and used at other times.

Restrained

Whether the consumer can be restrained from using electricity at peak hours so that the supplier does not have to use so many generators (or switch in less cost effective, older ones) is rather a different matter.

There are parts of the world (for example, 0.75m consumers in the U.S.) where the supply body has for some time been able to disconnect heating and air conditioning loads at its own discretion.

Public reaction to that kind of thing has still to be tested on the UK. That is why the three trials are being conducted, technical and operational aspects being assessed at the same time.

The Electricity Council, the Central Electricity Generating Board, various area boards, the BBC, and two manufacturers—GEC Measurements and Sangamo Schlumberger—are working together to deploy some 3,000 Radio Teleswitch receivers across Britain by the end of the year.

Each of the area boards participating will send its consumer time switching programmes or its immediate instructions over land lines to a coding computer and then on to the Droitwich Radio Four transmitter.

There, the digit stream is impressed on to the 200kHz transmission by slightly modifying the carrier waveform (phase modulation) in an "on-off" fashion to produce binary zeroes and noughts. The amplitude modulated Radio Four programme material is left unimpaired; the normal listener hears nothing while the special Radio Teleswitch receiver detects only the digital data.

Each sequence of data contains one of 16 area board identifiers, a code to indicate which group of receivers is to be addressed, and a message that determines which of the four switches controlling the customer's appliances is to be operated, and for how long.

The switches will control specific types of circuit on the customer's premises. For example, immersion heaters or freezers might be turned off for 15 minutes or so without inconvenience. In general, area boards might interrupt supplies to appliances chosen by customers for short periods.

'Lopping'

Applied to say, 10,000 consumers, this will result in "lopping" of the demand peak, obviating the need to connect extra generating plant. In return, the supplier would offer a lower tariff on circuits so affected.

One of the other circuits would take the place of the present two tariff time switch, giving the user cheaper power for storage heating at off-peak times. Another could be a "guaranteed continuous" circuit so that, even in times of industrial dispute for example, hospitals, kidney machines and other vital equipment might be kept going.

The system would also allow the ultimate sanction against those who have not paid their bills—or in cases of hardship perhaps allow a restricted supply.

CALMS, which originated in the South Eastern Electricity Board, allows the same kind of control but in addition provides a touch button display panel enabling consumers to see their bills to date and even pay them (when electronic funds transfer via bank accounts becomes available).

The transactions would take place over the consumer's telephone line to the supplier's computer and the meter would be remotely read over the same connection. Some 300 homes in the Midlands and the South East are taking part in the trial.

Mainsborne (Technology Page, Nov 10 1982), is the subject of a Milton Keynes and London experiment (1,000 units) and uses the mains cabling back to substations for two way data transmission.

Viable

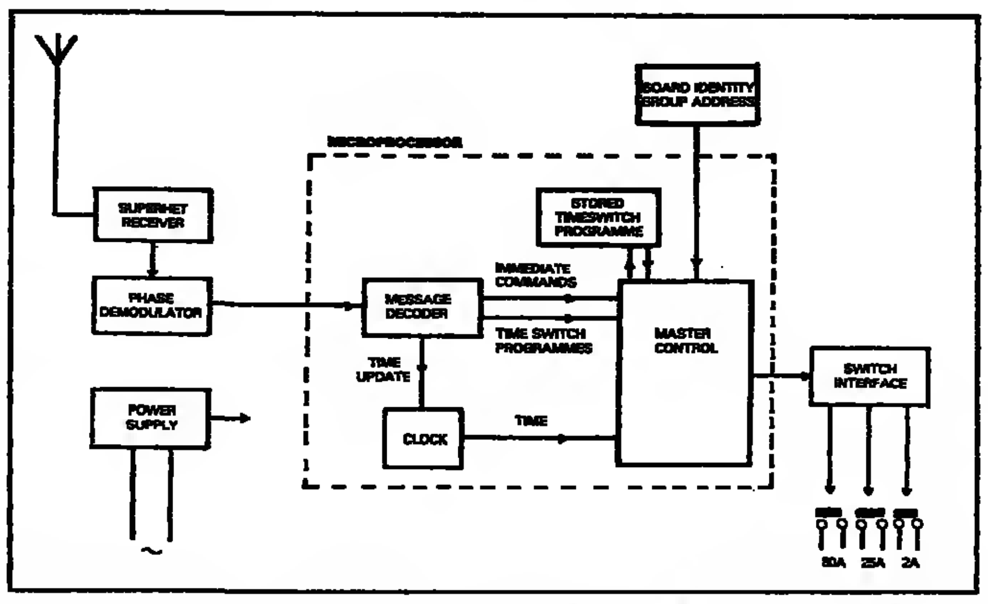
Mike Simpson, chief engineer of GEC Measurements' meter division at Stone, Stafford, is convinced that Radio Teleswitch is the viable starting point for these new ideas.

He points out that no special transmission equipment is needed and that the whole country can be addressed by a single BBC transmitter. The consumer unit is self-contained and no signalling connection is needed either to phone or supply networks.

"The other systems" says Simpson, "are highly experimental. We are taking the step-by-step approach and can add the other facilities later."

Certainly GEC seems to have recognised the supply industry's immediate need—to lop peaks and troughs—with a system that can be quickly implemented.

Whether this is the correct approach or whether equipment designed now should accommodate future two-way data requirements, remains to be seen.



Outline of the "meter cophoard" radio receiver for Radio Teleswitch. A sensitive superhet section demodulates the digital signals (inaudible to ordinary listeners) and a microprocessor deals with both stored switching programs and also immediate commands from the local area board for reduction of the consumer's load

Semiconductors

New Intel fast memory

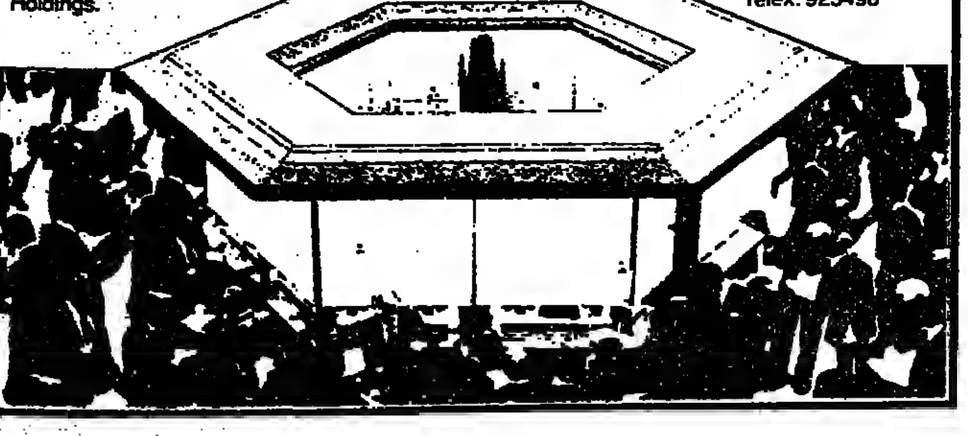
By Louise Kehoe

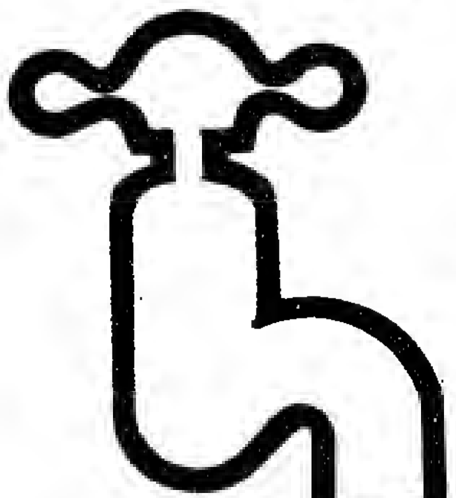
INTEL CORPORATION polished up its slightly tarnished image as the technology leader in semi-conductor devices yesterday with the introduction of a trend setting new memory chip.

The U.S. company described a 64K dynamic ram that is faster, and consumes a lot less power than any of its competitors, at the International Solid State Circuits Conference in New York. Intel uses a new process technology—CHMOS III—to fabricate the chip. CHMOS is the most advanced complementary metal oxide semiconductor technology in the world. It provides, for the first time, the miniature scale of regular MOS chips combined with greater reduced power consumption.

The Intel 46K dynamic ram is the first to be built in CMOS. "This will be the way of the future in high performance memory chips," predicted industry expert Mr Richard Foss.

Intel must still put some final touches on the CMOS dynamic ram design before it can go into production, but the company is expected to introduce the product later this year. That will still ensure Intel of a "first place" for its CMOS ram, beating Japanese competitors to the post.





AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series		March Vol.	March Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
O FL C	F.285	—	—	20	5.50	—	..	F.266.45
O FL P	F.260	-	.	13	5.80	—	—	"
O FL P	F.265	2	2.50	5	9.50	-	..	"
O FL P	F.275	11	9	.	—	.	—	"
		May		Aug.		Nov.		
COLO C	$450	11	46	12	70	-	—	$474
COLO C	$475	58	34	18	50 B	10	68	"
COLO C	$500	143	22	10	41	2	58	"
COLO C	$550	178	10.10	28	23	1	38	"
COLO P	$375	3	1 A	.	.	..	..	"
COLO P	$400	18	2	10	5 B	—	—	"
COLO P	$450	90	11	3	17.50	..	..	"
COLO P	$475	57	18	7	28 B	—	..	"
COLO P	$500	257	34	..	—	-	—	"
COLO P	$550	7	79	..	.	—	—	"
12¼ NL 81 87 91								
C	F.130	64	4.80	-	..	.	—	F.134.40
C	F.135	82	2.50	.	.	5	3	"
C	F.140	5	0.90	5	1.70	—	—	"
P	F.127.50	100	0.50	—	.	-	.	"
P	F.130	55	1.70		.	..	..	"
P	F.135	—	-	10	4.50	—	—	"
10¼ NL 80 86 95								
C	F.112.50	—	..	158	3.50	—	—	F.115.20
11½ NL 82 88 92								
C	F.115	3	2.80		—	..	—	F.118.90
C	F.117.50	5	1.30	.	—	—	—	"
P	F.117.50	80	2.70	—	—	—	—	"
10 NL 82 11 86 89								
C	F.110	100	2.50	—	—	—	—	F.111.70
7½ NL 82 82 23								
P	F.100	10	0.70	—	—	—	—	F.101.80
7½ NL 88 87 80								
C	F.100	10	1.80	-	—	—	..	F.100.40
C	F.102.50	30	0.50	—	.	—	—	"

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.280	20	48.90	—	—	—	—	F.328
ABN C	F.320	64	15	—	..	.	—	"
AKZO C	F.35	64	8.30 B	..	-	—	—	F.43.50
AKZO C	F.40	110	4.50 B	85	5.70	50	8	"
AKZO C	F.45	215	2.50	83	3	..	.	"
AKZO C	F.50	70	1	35	2	25	2.40	"
AKZO P	F.40	70	1.30	-	—	—	—	"
AMRO C	F.40	37	8.70	—	.	—	.	F.48.50
AMRO C	F.45	142	4.20	40	5.60	—	—	"
AMRO C	F.50	156	2	358	2.90 B	24	3.20	"
AMRO P	F.40	51	0.70	33	1.70	..	-	"
AMRO P	F.45	581	2.20	—	—	—	—	"
HEIN C	F.110	-	.	23	11.40	-	—	F.114.50
HEIN C	F.120	.		71	6.80	—	—	"
HOOG C	F.15	20	5	—	—	—	—	F.19.50
HOOG C	F.20	—	.	24	2.40	—	—	"
KLM C	F.130	34	29.80	—	—	—	..	F.158
KLM C	F.140	31	23	—	—	—	..	"
KLM C	F.150	58	15	—	—	—	—	"
KLM C	F.180	188	9 B	—	—	—	-	"
KLM P	F.110	48	0.70	..	-	—	—	"
KLM P	F.120	—	—	28	4.50 B	—	—	"
KLM P	F.130	28	2.10	—	—	—	—	"
KLM P	F.140	41	4.50	—	—	—	—	"
KLM P	F.150	45	8	—	—	—	—	"
NEDL C	F.100	26	5.70	—	—	—	—	F.97.30
NATN C	F.130	25	8	—	-	—	..	F.135.80
PHIL C	F.27.50	117	7.80	3	8.20	—	—	F.35.50
PHIL C	F.30	71	5.50	142	5.80	—	—	"
PHIL C	F.32.50	46	6.30	77	4.40	103	5.30	"
PHIL C	F.35	125	2.20	106	2.80	170	4.10	"
PHIL C	F.40	113	0.80	918	1.40	108	2.13	"
PHIL P	F32.50	270	0.50	10	1	3	1.70	"
PHIL P	F.35	50	1.60	—	—	10	3	"
RO C	F.90	117	8.50	54	2	1	2.80	F.95.30
RO C	F.100	558	3.40	135	4.50	54	8.30	"
RO C	F.110	101	1	98	2	11	3.50	"
RO P	F.90	383	1.20	91	4.20	48	5.50	"
RO P	F.100	142	7	19	10	5	10.50 B	"
UNIL C	F.200	5	8.50 A	31	9	4	10.50	F.193
UNIL C	F.220	18	2.50	24	4.50 A	—	..	"
UNIL P	F.190	24	5.50	—	—	—	—	"
		May		Aug.		Nov.		
BASF C	DM.160	41	9	—	—	—	—	DM.128.80
SIEM C	260	50	20	—	—	—	—	DM.280.40

TOTAL VOLUME IN CONTRACTS 2,454

A = Asked B = Bid C = Call P = Put

LONDON TRADED OPTIONS

Option		CALLS April	CALLS July	CALLS Oct.	PUTS April	PUTS July	PUTS Oct.
BP (USP 308)	260	52	—	—	4	—	—
"	280	34	—	—	8	—	—
"	300	20	60	40	20	24	30
"	330	8	14	22	42	46	50
"	360	2	7	—	38	70	—
CCF (USP 504)	320	117	127	—	1½	2	—
"	420	87	87	—	6	7	—
"	460	56	67	—	11	22	—
"	500	28	45	55	34	45	52
"	560	15	88	34	35	74	75
"	600	6	15	18	107	112	117
CTD (USP 87)	70	19	21	23	1½	9	6½
"	80	50	13	13	8	4	3
"	90	4	3½	8½	7	9	10
CUA (USP 134)	120	18	19	—	6	5	—
"	130	8	12	15	9	10	11
"	140	3½	7	10	13½	17½	20
"	160	1½	3	5	33	37	38
GEC (USP 200)	180	26	32	68	2	6	8
"	197	16	—	—	8	—	—
"	200	—	20	27	—	17	27
"	217	7	—	—	24	—	—
"	220	—	12	17	—	22	62
"	237	3	—	—	42	—	—
"	240	—	7	—	..	46	—
"	280	2	4	—	62	32	—
GMH (USP 330)	240	2	—	—	1	—	—
"	260	101	—	—	1	..	—
"	280	81	88	—	1	3	—
"	300	81	87	—	2	4	—
"	330	35	43	48	5	8	11
"	360	17	27	33	57	20	24
"	690	8	17	21	35	38	41
ICI (USP 372)	280	114	—	—	2	—	—
"	280	94	—	—	2	—	—
"	300	74	82	—	5	3	—
"	330	44	52	—	4	5	—
"	360	24	38	44	12	58	22
"	390	10	22	30	34	66	42
"	420	4	10	13	52	64	66
LS (USP 298)	240	32	—	—	2	—	—
"	280	43	48	56	2	4	7
"	280	24	33	41	5	10	14
"	300	54	22	30	13	18	21
"	330	5	12	17	33	38	41
M & S (USP 200)	130	44	—	—	1½	..	—
"	180	25	31	37	4	6	8
"	200	15	21	23	12	14	59
"	220	3	11	13	22	25	28
"	340	2½	5	—	41	44	—

Option		CALLS Apr.	CALLS Jul.	CALLS Oct.	PUTS Apr.	PUTS Jul.	PUTS Oct.
SHL (USP 458)	360	58	—	..	—	—	.
"	690	60	36	46	9	14	18
"	420	54	24	34	28	32	54
"	460	3	9	16	30	32	64

Option		CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
BBL (USP 451)	360	75	80	—	2	7	—
"	690	45	50	—	9	15	—
"	420	83	60	42	22	27	67
"	460	14	18	87	55	58	70
IMP (USP 112)	90	26	—	—	5	—	—
"	100	18	—	—	1	—	—
"	510	51	15	18	5	5½	9
"	120	8	2	12	11	13	14
"	530	5	4½	3	18	20	32
LMO (USP 247)	240	62	42	45	56	28	30
"	260	22	30	37	27	32	40
"	280	14	18	28	40	45	52
"	600	6	12	—	60	67	..
"	330	3	6	—	87	97	—
"	360	2	—	..	117	—	—
"	390	2	—	—	147	—	—
LNR (USP 82)	80	8	10	13	3	5	7
"	90	4	3½	8	10	11	12
"	100	1½	6½	4½	19	20	22
P & O (USP 124)	100	26	27	—	2	6	—
"	110	16	18	—	4	5	—
"	520	51	14	57	6	51	54
"	130	6	7	11	16	17	21
"	540	2½	—	—	18	—	—
"	560	1	—	—	38	—	—
RCL (USP 446)	460	24	65	47	38	67	45
"	500	10	20	30	64	37	78
"	550	6	10	—	107	107	—
"	600	1½	5	—	157	557	—
"	850	1	—	—	207	—	—
RTZ (USP 507)	390	120	—	—	1	2	—
"	420	90	94	—	2	..	—
"	460	60	87	—	10	20	—
"	500	66	44	55	30	40	47
"	560	16	26	35	62	38	73
VRF (USP 113)	50	—	—	—	1	—	—
"	55	—	—	—	1	—	—
"	60	65	—	—	1	—	—
"	70	2	—	—	1	—	—
"	80	3	67½	—	1	—	—
"	90	26	82	—	2	3½	—
"	100	58	21½	—	6	7	—
"	110	52½	16½	25	9	12	14
"	120	8½	12	17	53	17	19
"	130	6	5½	13½	12	22	25
"	140	3½	5½	2½	28½	30½	62½

Feb. 24 Total Contracts 1,748 Calls 1,029 Puts 719

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd.		275.60	...	—
Managed Int. Fd.	147.51	155.28	...	—
Property Fd	145.15	152.78	...	—
Fixed Interest Fd	132.85	139.43	...	—
Cash Fd.	131.15	138.06	...	—
Income Fd.	149.35	157.22	...	—
Extra Income Fd	140.91	148.33	...	—
Worldwide Growth Fd.	193.19	203.36	...	—
Balanced Fd	157.84	166.15	...	—
Smlr Co's & Recy. Fd	184.86	194.59	...	—
Int. Technology Fd	221.97	233.76	...	—
Nth. Amer. & Gen. Fd.	139.77	147.13	...	—
Energy Int. Fd.	89.87	94.60	...	—
Pacific Basin Fund	114.76	120.80	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Equity	93.8	98.7	...	—
International	106.5	112.1	...	—
Property	103.3	108.7	...	—
Deposit	95.7	100.7	...	—
Fixed Interest	94.7	99.6	...	—
Managed	100.2	105.4	...	—
Equity Pens Cap	93.0	97.9	...	—
Intnl. Pens. Cap	108.9	114.6	...	—
Property Pens Cap	105.1	110.6	...	—
Deposit Pens Cap	95.4	100.4	...	—
Fixed Int Pens Cap	94.3	99.3	...	—
Managed Pens Cap	101.1	106.4	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth. Feb 1		85.2	...	—
Rmt. Fed. Feb 8		224.8	...	—
Managed Pen Fund	163.5	172.1	...	—
Property Pen Fund	110.0	115.8	...	—
Index Lnkd Pen Fund	119.5	125.8	...	—
Managed	107.6	113.3	+0.1	—
Property	97.4	103.1	...	—
Gilt and Fixed Interest	96.7	101.8	+0.2	—
Index-Linked	102.8	108.2	...	—
Equity	109.7	116.5	+0.7	—
Cash	98.2	103.4	...	—
Midland Bk. Unit Tst.	103.0	108.5	-2.5	—
Midland Bank Intnl.	123.7	130.3	+0.1	—

Cannon Assurance Ltd.
7 Olympic Way, Wembley HA9 0NB. 01-902 8876

Equity Units	£32.57	—	-0.13	—
Property Units	£16.80	—	...	—
Equity Bond/Exec	£21.58	[illegible]	-0.09	—
Prop. Bond/Exec	£21.96	[illegible]	...	—
Bal. Bd./Exec/Unit	£21.62	[illegible]	-0.04	—
2nd Equity Acc	167.4	[illegible]	-0.8	—
2nd High Inc/Acc	139.6	[illegible]	-0.6	—
2nd Property Acc	168.4	[illegible]	...	—
2nd Managed Acc.	158.3	[illegible]	+0.4	—
2nd Deposit Acc	139.0	[illegible]	...	—
2nd Gilt Acc.	134.1	[illegible]	-0.2	—
2nd American Acc.	180.6	[illegible]	+2.5	—
2nd Intl Money Acc	138.5	[illegible]	-0.3	—
2nd Index Acc.	97.5	[illegible]	...	—
2nd Eq. Pens./Acc.	224.1	[illegible]	-1.1	—
2nd Hi Inc Pens/Acc.	122.7	129	-0.8	—
2nd Prp Pens/Acc	208.0	220	...	—
2nd Mgd. Pens/Acc.	196.6	[illegible]	-0.4	—
2nd Dep. Pens/Acc.	170.3	[illegible]	-7.5	—
Gilt Pens/Acc.	170.0	179	-0.3	—
2nd Am. Pens/Acc.	233.7	247	+2.9	—
2nd Intl MoneyPens/Acc	164.0	173	-0.7	—
2nd Index Pens./Acc.	98.8	104	...	—
L & E S.I.F.	67.5	71	...	—
L & E S.I.F. 2	45.5	[illegible]	...	—

Current value Feb 23.

Capital Life Assurance
Coniston House, Chapel Ash W'ton. 0902 28511

Key Invest. Fd.	113.72xc	—	...	—
Pacemaker Inv. Fd.	106.09	—	...	—

Chieftain Assurance Funds
11 New Street, EC2M 4TP. 01-283 3933

Managed Growth	181.41	190.96	-0.74	—
Managed Income	82.80	87.16	-0.14	—
International (z)	107.34	112.99	-0.27	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	122.6	129.1	-0.4	—
GT Pln High Yld Fnd.	108.6	114.4	...	—
GT Plan Far East Fnd	95.7	100.8	...	—
GT Pln N Am Fund.	150.1	158.1	...	—
GT Pln UK&G.E. Fnd	123.0	129.5	...	—
GT Pln Wrldwde Fnd.	118.3	124.6	...	—
GT Pension Bnd Fnd	128.9	135.7	-1.0	—
GT Pen High Yld Fd.	121.3	127.7	...	—
GT Pen Far East Fd	101.2	106.6	...	—
GT Pen N. Am. Fd.	192.0	202.2	...	—
GT Pen UK & G.E. Fd.	136.1	143.3	...	—
GT Pen Worldwide Fd	125.4	132.0	...	—

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl Managed Bond	158.9	167.3	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc		229.3	...	—
Portfolio Fd. Init.		194.7	...	—
Portfolio Fd. Cap.		221.8	...	—
Portfolio Man. Acc.	67.7	71.3	...	—
Portfolio Man. Init.	60.2	63.4	...	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU 01-377 1122

Flexible Finance		1,013	...	—
Landbank Secs.		62.7	...	—
Landbank Scs. Acc.	172.4	176.8	...	—
G. & S. Super F4		£10,658	...	—

Guardian Royal Exchange
Royal Exchange, E.C.3. 01-283 7101

Guardian Assurance

Property Bonds	299.3	311.7	...	—

GRE Linked Assurance Limited

Managed Initial	184.2	193.9	-4.1	—
Do. Accum.	201.6	212.2	-4.4	—
Equity Initial	232.2	244.5	-2.4	—
Do. Accum.	254.1	267.5	-2.7	—
Fixed Int. Initial	175.3	184.5	-0.4	—
Do. Accum.	191.0	201.9	-0.4	—
International Initial	187.3	197.1	+0.3	—
Do. Accum.	204.9	215.7	+0.4	—
Property Initial	122.4	128.8	...	—
Do. Accum.	133.7	140.7	...	—
Deposit Initial	120.0	126.3	...	—
Do. Accum.	131.3	138.2	...	—

GRE Pensions Management Ltd.

Pens. Managed Initial	178.3	187.7	-1.7	—
Pens. Managed Acc.	190.7	200.7	-1.9	—
Pens. Equity Initial	218.8	230.3	-2.9	—
Pens. Equity Acc.	234.0	246.3	-3.1	—
Pens. Fxd. Int. Initial	175.0	184.2	-0.2	—
Pens. Fixed Int. Acc.	187.2	197.0	-0.2	—
Pens. Int'l Initial	172.0	181.1	+0.9	—
Pens. Int'l. Acc.	184.8	193.7	+1.0	—
Pens. Prop. Initial	122.8	129.2	...	—
Pens. Prop. Acc.	131.1	138.0	...	—
Pens. Depos. Initial	130.8	137.7	...	—
Pens. Depos. Acc.	139.9	147.3	...	—

Hambro Life Assurance P.L.C.
Hambro Life Centre, Swindon SN1 1EL. 0793 28291

Fixed Int. Dep.	178.6	188.1	+0.2	—
Equity	345.4	363.6	-3.5	—
Property	269.6	283.8	+0.1	—
Managed Cap.	210.3	221.4	-4.4	—
Managed Acc.	316.3	330.9	-2.1	—
Overseas	237.2	249.7	-5.1	—
Gilt Edged	194.5	204.8	-0.8	—
American Acc.	206.5	217.4	+0.5	—
American Man	113.4	119.4	+0.6	—
American Prop.	96.7	101.8	+0.1	—
American Eq.	206.5	217.4	+0.5	—
Pen. F.I. Dep. Cap	193.8	204.0	...	—
Pen. F.I. Dep. Acc.	266.0	280.0	...	—
Pen. Prop. Cap.	329.3	346.7	...	—
Pen. Prop. Acc.	499.0	525.3	...	—
Pen. Man. Cap	385.7	406.0	...	—
Pen. Man. Acc	584.2	615.0	...	—
Pen. Gilt Edg. Cap	210.3	221.4	...	—

OFFSHORE AND OVERSEAS

NOTES

INTERNATIONAL COMPANIES and FINANCE

Credit Suisse floats $100m Eurobond with 10½% coupon

BY MARY ANN SIEGHART IN LONDON

CREDIT SUISSE-First Boston had a field day in the Eurodollar bond market yesterday, lead-managing three different issues. The Swiss bank which co-owns CSFB, came to the market on its own account late in the day with a $100m, seven-year offering, priced at par with a coupon of 10½ per cent. The co-management team has not yet been finalised.

In the morning, CSFB brought the Export Development Corporation of Canada to the market with a $100m issue, priced at par, carrying a coupon of 10 per cent, and maturing in five years. Each bond carries a warrant with a life of six months to buy the additional bonds in the same series at par.

The issue was reasonably well received, trading at a 1¼ per cent discount, with the warrants selling separately for around $14 each. The ex-warrant yield at that price is about 10½ per cent.

CSFB's third issue was a $50m bond from the Finnish forest products company, Enso Gutzeit, guaranteed by the Republic of Finland. It has a maturity of seven years with a call option after five with a coupon of 11½ per cent.

Secondary trading in the Eurodollar market was much quieter than on Wednesday, with prices easing off in the morning, but picking up again in the afternoon to close more-or-less unchanged.

Within continental Europe, markets were sluggish, with no new issues in Switzerland and a DM 100m issue in Germany from Eurofima, the railway finance group. This eight-year bond is priced at par, and was trading yesterday at a discount of about 1¼ per cent. The lead manager is Deutsche Bank.

In the Yankee market, the World Bank announced a two-tranche deal led by First Boston of New York. Both are non-callable and priced at par; the first is worth $250m, with a coupon of 10% and a five-year maturity, and the second will raise $150m on a coupon of 10.9 per cent over 10 years.

Two prices were finalised yesterday. In the Eurodollar market the $100m, five-year, 11½ per cent issue from Skandinaviska Enskilda Banken is priced at par, and in Switzerland, Generale Occidentale's SwFr 50m bond maturing in 1991, will carry a coupon of 6⅝ per cent at a price of 100.

WEEKLY U.S. BOND YIELDS (%)

	Feb. 23	Feb. 16	1982-83 High	1982-83 Low
Composite Corp. AAA	11.23	11.67	14.86	10.83
Composite Corp. AA	11.65	12.02	15.24	11.18
Government:				
Long-term	10.59	10.92	14.02	10.18
Intermediate	10.11	10.38	14.24	9.91
Short-term	9.09	9.79	14.62	8.23
Municipal	N/A	9.31	12.99	9.16
Industrials AAA	11.11	11.44	14.49	10.56
Industrials AA	11.49	11.80	14.79	10.96
Utilities AAA	11.65	11.90	15.27	11.11
Utilities AA	11.80	12.23	15.69	11.39
Preferred Stocks	11.06	11.09	13.35	10.71

Source: Standard & Poor's

Interim dividend cut by Protea Holdings

BY OUR JOHANNESBURG CORRESPONDENT

PROTEA HOLDINGS, the South African chemicals, consumer products, electrical goods, laboratory equipment, instrumentation and protective clothing conglomerate, was hit by depressed business conditions in all of its trading areas in the six months to December.

Turnover was R200m ($185m) against R202m for the same period in 1981 and R402m in the year to June 1982. First-half operating profits before interest and tax dropped to R17.7m from R23.6m in the first half of the 1981 financial year and compared with R46.9m for all of 1981-82.

Mr Aidan Beard, managing director, said the turnover figure represented a decline in real terms but growth margins were maintained. He did not expect any improvement until after the business cycle had bottomed in the second half of 1983.

There were no signs of trading improvements in those sectors of Protea's business which depressed results in the six months, he said.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for February 24.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						
Sweden Kingdom 5⅞ 92	100	100½	100¾	0	0	5.79
Tokyo Elec Power 5⅝ 92	100	102⅝	102⅝	+0½	+0½	5.53
Tokyo Metropolis 5⅝ 92	100	100⅛	100⅝	−0⅛	−0⅜	5.34
Union Bk Norway 5⅝ 93	60	98¾	99	0	0	5.52
Volvo 5⅝ 91	60	100⅞	101⅛	−0⅛	−0⅛	5.22
World Bank 5¼ 93	100	100⅞	101½	+0⅛	−0⅛	5.37

Av. price changes: on day 0, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	105⅛	106⅛	0	−0¼	7.76
E.I.B. 8¼ 92	15	102⅛	103⅛	+0⅛	−0½	7.83

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

N. American Quarterlies

H.F. AHMANSON		
Fourth quarter	1982 $	1981 $
Revenue	528.4m	390.7m
Net profits	16.6m	143.4m
Net per share	0.70	†1.84
Year		
Revenue	2bn	1.6bn
Net profits	144.1m	151.3m
Net per share	†1.66	12.16

† Loss

AIR EXPRESS INTL		
Second quarter	1982-83 $	1981-82 $
Revenue	62.8m	71.5m
Net profits	†1.57m	1.08m
Net per share	10.54	0.30
Six months		
Revenue	129.6m	138.2m
Net profits	12.67m	1.47
Net per share	10.79	0.46

† Loss

FEDERAL-MOGUL		
Fourth quarter	1982 $	1981 $
Revenue	154.4m	194.6m
Net profits	4.3m	7.6m
Net per share	0.36	0.58
Year		
Revenue	735.3m	832.7m
Net profits	28.4m	38.2m
Net per share	2.20	2.82

GULF RESOURCES/CHEMICAL		
Fourth quarter	1982 $	1981 $
Revenue	95.9m	96.6m
Net profits	721,000	4.39m
Net per share	0.07	0.44
Year		
Revenue	372.4m	375.4m
Net profits	7.39m	12.68m
Net per share	0.74	1.38

HARNISCHFEGER		
First quarter	1982-83 $	1981-82 $
Revenue	85.2m	142.9m
Net profits	†12.6m	280,000
Net per share	†1.27	0.01

† Loss

IU INTERNATIONAL		
Fourth quarter	1982 $	1981 $
Revenue	554m	580.2m
Net profits	14.4m	17.2m
Net per share	0.62	0.77
Year		
Revenue	2.11bn	2.32bn
Net profits	23.4m	63.1m
Net per share	1.44	2.81

LOEWS		
Fourth quarter	1982 $	1981 $
Revenue	1.17bn	1.21bn
Net profits	73.8m	88.1m
Net per share	6.57	7.01
Year		
Revenue	4.79bn	4.78bn
Net profits	215.6m	253.2m
Net per share	18.10	19.79

NORCEN ENERGY RESOURCES		
Year	1982 C$	1981 C$
Revenue	1.01bn	833.7m
Net profits	74.3m	45.5m
Net per share	2.71	1.62

DR PEPPER		
Fourth quarter	1982 $	1981 $
Revenue	123.7m	83.9m
Net profits	14.07m	7.31m
Net per share	10.18	0.35
Year		
Revenue	516.1m	370.6m
Net profits	12.47m	29.94m
Net per share	0.58	1.45

† Loss

REVLON		
Fourth quarter	1982 $	1981 $
Revenue	620.1m	630.3m
Net profits	31.4m	40.5m
Net per share	0.62	0.94
Year		
Revenue	2.38bn	2.37bn
Net profits	111.1m	174.8m
Net per share	2.45	4.10

SYNTEX		
Second quarter	1982-83 $	1981-82 $
Revenue	214m	199m
Net profits	37.7m	33.2m
Net per share	1.07	0.96
Six months		
Revenue	427.9m	384.3m
Net profits	72.5m	65.3m
Net per share	2.07	1.88

TEXAS UTILITIES		
Fourth quarter	1982 $	1981 $
Revenue	721.4m	636.7m
Net profits	66.6m	75.7m
Net per share	0.76	0.72
Year		
Revenue	3.23bn	2.74bn
Net profits	428.6m	359.4m
Net per share	3.85	3.51

TIMES MIRROR		
Fourth quarter	1982 $	1981 $
Revenue	596.8m	576.3m
Net profits	55.8m	50.0m
Net per share	1.57	1.46
Year		
Revenue	2.21bn	2.16bn
Net profits	139.9m	150.3m
Net per share	4.09	4.40

TORO		
Second quarter	1982/83 $	1981/82 $
Revenue	70.3m	68.8m
Net profits	1m	†540,000
Net per share	0.10	†0.17
Six months		
Revenue	102.8m	87.6m
Net profits	†1.3m	†7m
Net per share	†0.37	†1.41

† Loss

TRANSCO ENERGY		
Fourth quarter	1982 $	1981 $
Revenue	1.06bn	897.2m
Net profits	22.84m	43.22m
Net per share	0.88	1.66
Year		
Revenue	3.87bn	3.48bn
Net profits	136.85m	140.09m
Net per share	5.26	5.41

TRANSWAY INTERNATIONAL		
Fourth quarter	1982 $	1981 $
Revenue	202.1m	193.8m
Net profits	2.55m	6.06m
Net per share	0.39	1.23
Year		
Revenue	724.4m	754.0m
Net profits	14.0m	25.4m
Net per share	2.14	3.87

TRIBUNE CO.		
Fourth quarter	1982 $	1981 $
Revenue	390.5m	386.9m
Op. net	20m	30m
Year		
Revenue	1.43bn	1.41bn
Op. net	41.4m	89.1m

UNC INDUSTRIES		
Fourth quarter	1982 $	1981 $
Revenue	72.4m	85m
Net profits	†271,000	2.38m
Net per share	†0.04	0.39
Year		
Revenue	321.3m	335.6m
Net profits	4.22m	9.13m
Net per share	0.69	1.49

† Loss

UNITED BRANDS		
Second quarter	1982-83 $	1981-82 $
Revenue	813.0m	905.0m
Net profits	†21.48m	†6.11m
Net per share	†1.80	†0.62
Year		
Revenue	1.81bn	1.92bn
Net profits	†37.29m	†18.05m
Net per share	†3.4	†1.78

† Loss

UTD MERCHANTS & MANUFACTURERS		
Second quarter	1982-83 $	1981-82 $
Revenue	117.0m	154.0m
Net profits	†286,000	†18.45m
Net per share	†0.03	†2.51
Six months		
Revenue	231.9m	294.8m
Net profits	45,000	†15.90m
Net per share	1.00	†2.44

† Loss

WENDY'S INT'L		
Fourth quarter	1982 $	1981 $
Revenue	156.5m	137.1m
Net profits	11.6m	9.6m
Net per share	0.28	0.25
Year		
Revenue	607.6m	488.6m
Net profits	44.1m	36.9m
Net per share	1.13	1.01

WESTBURNE INTERNATIONAL		
Third quarter	1982-83 $	1981-82 $
Revenue	276.9m	342.3m
Net profits	2.1m	7.0m
Net per share	0.20	0.67

SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday February 25 1983

London gold options trading to start next month, Page 35

WALL STREET

Foundations of rally reinforced

THE PROSPECT of further declines in U.S. interest rates – held out yesterday by Mr Paul Volcker, the Federal Reserve chairman, as being within the bounds of the new target area for monetary growth – was the reinforcement which many stock investors had begun anxiously to seek as prices entered their third day on an upward path.

In tandem with this came an assessment from Mr Donald Regan at the Treasury that a 10 per cent cut in oil prices, roughly of the order which appears to be in view, would follow through as an additional quarter to half-point expansion in gross national product.

The immediate result was a carefree upward gallop which took the Dow Jones industrial average through the 1,100 barrier in mid-morning for only the third time, in trading which picked up markedly from recent days.

After only the briefest of pauses in the afternoon, the Dow gathered pace afresh to finish 24.87 up at 1,121.81 – an all-time peak and the first ever close above 1,100 – as a determined campaign of institutional buying took the blue chips to the fore.

Volume surged too, to some 113m shares from the previous 84.1m, but remained well below the record 149.35m attained on November 4, last year. Advances led declines by about 1,150 to 400.

IBM, the most widely held stock, once more crossed a psychological threshold of its own, holding at $100 through mid-session before extending its gains to $2⅝ at $100⅞.

Other notable gains were to be found in Eastman Kodak, up $1½ at $90, Minnesota Mining, $3⅛ at $79¾; and Merck, $2⅛ at $85.

The return of some semblance of order among oil-producing nations helped the energy issues, where Exxon was $⅛ stronger at $29½ and Phillips Petroleum up a dollar at $30⅞.

Somewhat greater inertia was encountered in the credit markets, although a slight mark-up was evident almost from the outset. Many investors appeared still to be holding to the sidelines.

Federal funds exhibited a lower bias for much of the day, trading as low as 8⅛ per cent at one point without intervention. This compared with an opening of 8⅝ and a Wednesday average of 8.49 per cent.

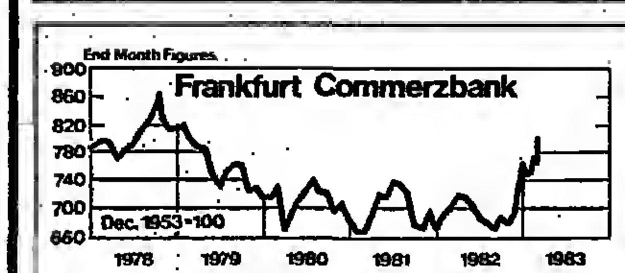
One element of assistance was a ⅜ drop in the repurchase agreement dealer rate, used to finance Treasury securities holdings, participants said.

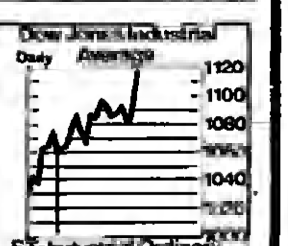
Predictions of an early half-point cut in the Fed's discount rate to a trough of 6 per cent – made by Mr Albert Wojnilower, chief economist at First Boston, at the American Bankers' Association meeting in Dallas – were not reflected in any major market shift.

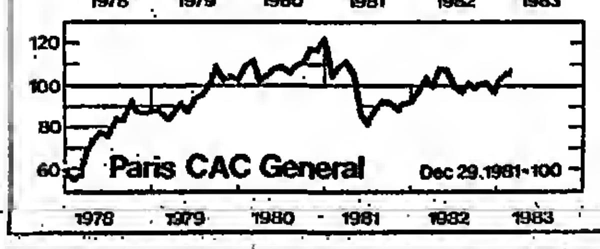
Dealers said the new Treasury 9⅞ per cent notes due 1986 were in poor demand, dropping about an eighth in the morning from the previous evening's 99.586 auction average to trade at around 99⁷⁄₁₆.

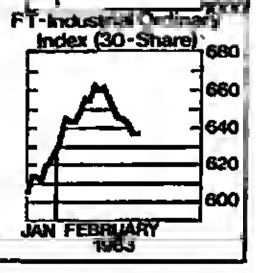
Stocks in **Toronto**, slow the through midday to join the New York rally, hastened to catch up yesterday in busy trading which favoured all sectors but allowed a particular upward correction for the golds. Industrials had the edge on banks in **Montreal**.

KEY MARKET MONITORS









STOCK MARKET INDICES

	Feb 24	Previous	Year ago
NEW YORK			
DJ Industrials	1121.81	1096.94	826.77
DJ Transport	490.71	485.71	340.31
DJ Utilities	124.22	123.71	106.54
S&P Composite	148.37*	146.79	113.47
LONDON	Feb 24	Prev	Year ago
FT Ind Ord	637.2	637.2	551.8
FT-A All-share	400.96	400.92	319.91
FT-A 500	433.90	434.28	337.73
FT-A Ind	409.69	410.68	310.36
FT Gold mines	625.9	631.3	265.3
FT Govt secs	78.89	78.72	66.56
TOKYO			
Nikkei-Dow	7984.25	7931.65	7664.02
Tokyo SE	582.92	579.84	566.9
AUSTRALIA			
All Ord.	495.7	495.4	494.3
Metals & Mins.	442.2	440.3	358.1
AUSTRIA			
Credit Aktien	48.96	48.78	54.57
BELGIUM			
Belgian SE	106.77	106.81	98.96
CANADA			
Toronto Composite	2126.5	2073.0	1676.0
Montreal Industrials	361.90	354.4	292.16
Combined	351.46	344.13	277.36
DENMARK			
Copenhagen SE	114.72	114.71	98.44
FRANCE			
CAC Gen	107.4	106.6	108.3
Ind. Tendance	112.9	111.8	119.3
WEST GERMANY			
FAZ-Aktien	268.09	263.83	229.33
Commerzbank	804.1	791.3	699.5
HONG KONG			
Hang Seng	1030.95	992.81	1267.12
ITALY			
Banca Comm.	201.51	205.00	200.84
NETHERLANDS			
ANP-CBS Gen	109.9	109.1	85.8
ANP-CBS Ind	96.3	96.0	69.3
NORWAY			
Oslo SE	144.09	143.56	105.61
SINGAPORE			
Straits Times	817.18	813.71	746.03
SOUTH AFRICA			
Golds	841.2	861.2	481.4
Industrial	840.6	846.4	657.7
SPAIN			
Madrid SE	102.26	103.17	104.51
SWEDEN			
J & P	1279.00	1258.91	607.54
SWITZERLAND			
Swiss Bank Ind	314.5	313.3	249.2

GOLD (per ounce)

	Feb 24	Prev
London	$474.50	$472.50
Frankfurt	$475.25	$470.25
Zürich	$474.50	$471.50
Paris	$472.01	$476.53
New York futures (Feb)	$469.9	$468.20

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR Feb 24	U.S. DOLLAR Previous	STERLING Feb 24	STERLING Previous
£	1.5275	1.5230	–	–
DM	2.4075	2.4190	3.68	3.68¼
Yen	234.00	234.90	358	358
FFr	6.8300	6.8600	10.43	10.44½
SwFr	2.0235	2.0340	3.09¼	3.10
Guilder	2.6625	2.6725	4.07	4.07¼
Lira	1391¼	1397	2125	2127
BFr	47.41	47.68	72.45	72.67½
C$	1.2265	1.2290	1.8750	1.8715

INTEREST RATES

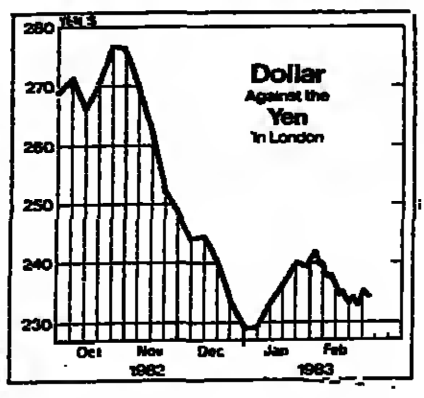
	Feb 24	Prev
Euro-currencies (three month offered rate)		
£	11⁵⁄₁₆	11⁵⁄₁₆
SwFr	3⁵⁄₁₆	3⅜
DM	5¼	5⅛
FFr	23	22¾
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⁵⁄₁₆	9⁵⁄₁₆
6-month U.S.$	9⁷⁄₁₆	9¼
U.S. Fed Funds	8⅜	8¼
U.S. 3-month CDs	8.60	8.55
U.S. 3-month T-bills	7.91	7.92

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT) 8% $100,000 32nds of 100%				
March	76–20	76–25	76–09	76–09
U.S. Treasury Bills (IMM) $1m points of 100%				
March	92.18	92.23	92.11	92.09
Cert Deposit (IMM) $1m points of 100%				
March	91.56	81.57	91.37	91.36
LONDON				
Three-month Eurodollar $1m points of 100%				
March	91.12	91.13	91.04	81.11
20-year Notional Gilt £50,000 32nds of 100%				
March	101–18	101–20	101–01	100–31
Three-month Sterling Deposit £250,000 points of 100%				
March	88.86	88.85	88.80	88.86

LONDON COMMODITY MARKETS

	Feb 23	Prev
Silver (spot fixing)	889.10p	878.50p
Copper (cash)	£1118.00	£1085.50
Coffee (March)	£1684.50	£1681.50
Oil (spot Arabian light)	$28.32	$28.32



EUROPE

Variable readiness of response

WEST German and Swiss investors showed the readiest response yesterday to the fresh vigour on display in New York, a change which also brought a steadier tone to many other centres but failed to dispel nervousness in Italy and Spain.

An active drive to establish new positions in **Frankfurt** flew in the face of the unsettling influence of federal elections just over a week away, in buying which spread throughout the market.

Car makers, which along with the airlines would be a chief beneficiary of the lower world oil prices, now seemingly inevitable, led the way.

But an indication of the breadth of the rally was the participation of the steel sector, beset in recent weeks by worries over the future of the companies ahead of the implementation of a proposed restructuring for the industry.

Klöckner-Werke – which has had to issue recurrent assurances about its financial position, and again stressed yesterday that its liquidity was improving – picked up DM 2.70 at DM 36. Thyssen at DM 71.60, was DM 2.80 stronger and Hoesch improved DM 1.70 to DM 38.

Elsewhere, Commerzbank was DM 2.70 ahead at DM 134.20, while its index for the market as a whole strengthened 12.8 to a four-year high of 804.1.

Domestic bonds were overshadowed, however, and the Bundesbank was able to sell only DM 4.9m in paper. Another dampener was the pending DM 1.6bn 10-year government issue, conditions of which were later set to yield 7.54 per cent.

Demand in **Zurich** centred on the banking sector, in the midst of a reporting season for 1982 and generally faring well in earnings terms. Credit Suisse added SwFr 25 to SwFr 2,025 and Union Bank SwFr 10 to SwFr 3,275, both ahead of results later which proved significantly better than those of the previous year.

Stockholm had the additional benefit of the Swedish Government's decision to lift a price freeze imposed last October. The Jacobson and Ponsbach index surged a further 20.09 to 1,279.00, and trading was described as hectic.

Saab-Scania gained SKr 10 to 322 on its 33 per cent pre-tax earnings advance for last year, while Volvo added SKr 7 to SKr 234. Mining group Boliden, despite the handicaps of lower world metal prices, improved SKr 9 to SKr 394.

Madrid investors had to come to terms with the state's move to expropriate a large part of the Rumasa group, trading in which was immediately suspended.

Among the holdings affected are 18 small banks, and the majors on the exchange yesterday reacted idiosyncratically. Bilbao advanced Pta 6 to Pta 216 but Hispano shed Pta 1 at Pta 220, with most of the rest unchanged. Dealers said institutional buying had kept the setback within reasonable limits.

A growing public sector deficit, with the consequent spectre of asset taxes, alarmed **Milan**. Selling affected banks, where Commercial was L470 off at L35,990, and industrials, showing a L55 loss for Fiat at L2,395.

Treasury bills and certificates evoked some interest in a thin credit market.

Paris, Brussels and **Amsterdam** all finished steady in quiet dealings, notable only for resilience in the oil sector. Elf-Aquitaine advanced FFr 5.10 to FFr 117.10, Petrofina held at BFr 4,680 and Royal Dutch improved Fl 1.70 to Fl 95.30.

SOUTH AFRICA

Slide extended

AN EXTENSION of the golds' sharp recent losses set in again towards the close in Johannesburg as it became clear that the bullion price was not yet in shape to make a sustained recovery.

Heavyweight Harteheest fell R3.50 to R84.50 while mining financials showed a 40 cent decline for Anglo-American at R20.

Of the industrials, SA Breweries dropped 25 cents to R7.25. AE & CI in chemicals was 30 cents lower at R8.80 after reporting a 13 per cent 1982 earnings setback.

FAR EAST

Budgetary relief for Hong Kong

A BUDGET statement the previous afternoon, which was devoid of a feared increase in corporate profits taxation, heartened Hong Kong yesterday, but Wall Street's overnight resurgence was an additional impetus to stock prices there and in Japan, beginning partially to recover from a week of setbacks.

Blue chips led the ways in both cases in lively trading.

The Hang Seng index breached the 1,000 level for the first time in nearly five months to close 38.14 stronger at 1,030.95, or some 35 per cent above the level on which it began the year. Renewed late demand stanched the wounds inflicted by profit-taking as the indicator passed the symbolic barrier.

Analysts noted a revival of buying interest by local investors, who in recent months have been distinctly less bullish than their overseas counterparts. Cheung Kong gained 70 cents to HK$10.60, Hutchison Whampoa and Jardine Matheson 50 cents apiece to HK$14.10 and HK$15.30 respectively, and Swire Pacific A 40 cents to HK$12.30.

Neither were the banks neglected. Hang Seng added HK$1.50 at HK$57.50, East Asia HK$1.75 at HK$34.25, Wing Lung HK$2 at HK$51 and Hongkong Bank 25 cents at HK$9.20.

The index dug in below 1,000 on September 27 last year – the day Mrs Margaret Thatcher, the British Prime Minister, arrived in the territory from Peking and gave rise to concern for the future beyond the expiry date of the New Territories leases in 1997.

Foreign buying reinforced the upturn in **Tokyo**, where the Nikkei-Dow Jones market average advanced 52.60 to 7,984.25 on volume of some 400m shares. A steadier yen against the U.S. dollar helped, too.

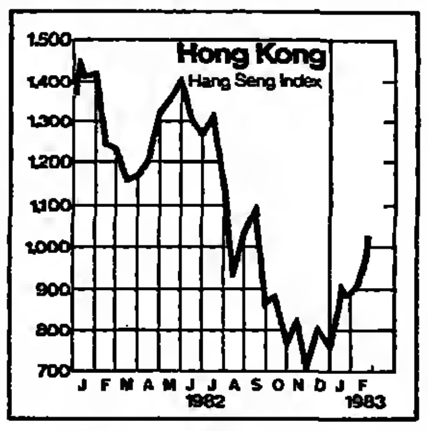
Computer-makers, light electricals, drugs, precisions, and vehicles were all favoured. Sony added Y70 to Y3,120, Fujitsu Y17 to Y905 and Fuji Y70 to Y1,620.

Honda, which moved ex-dividend, finished at Y790 compared with the previous Y851, while Toyota firmed Y7 to Y975. Elsewhere, Matsushita Electrical, which reported slightly higher earnings for last year, added Y50 at Y1,70.

But this time non-ferrous metals fell with the lower hard commodity values after having led the gains.

Government bond prices levelled off on a slightly higher plane in slow trading.

Speculatives were to the fore in Singapore, by contrast, and the overall result was not as impressive as in the other two centres. The Straits Times industrial index improved 3.47 to 817.18. Inchcape rose six cents to S$2.91 and Keppel Shipyard double that amount to S$4.20.



AUSTRALIA

Firmer bias

FALLS among oil and gas stocks and gold-related mining issues were again frequent in **Sydney**, but a firmer tone emerged overall as foreign investors provided light buying support.

Industrials recovered somewhat, providing a 0.3 upward leaning for the All Ordinaries index at 495.7 while the All Resources indicator slipped a further 0.8 to 378.7.

Of the golds, GMK was 70 cents off at A$10.80 and Poseidon 40 cents at A$5.20. Elsewhere, CRA edged up 10 cents to A$6.26 but CSR lost the same amount at A$2.55.

Brewery CUB impressed in **Melbourne** with a 15 cent rise to A$2.40.

LONDON

ICI proves a volatile ingredient

ACUTE uncertainties surrounding world oil prices again restrained London investment enthusiasm. Leading industrials initially recovered from Wednesday's setback, thanks to Wall Street's overnight upturn, but values laboured to hold the improvement awaiting the preliminary statement from Imperial Chemical Industries (ICI).

The group's profits emerged £35m down on market estimates and the shares dropped sharply to 354p before rallying on demand said to encompass long-term investment support, partly on American account. The chairman's optimism about future prospects furthered the stock's recovery to close only 2p down at 374p.

Plessey's third-quarter results were a shade under expectations and its close was 7p lower at 583p.

Equity market sentiment was influenced by the gyrations in ICI. An afternoon rally in blue chips left the FT Industrial Ordinary index unchanged on the day at 637.2.

Slightly cheaper international money and a steadier pound against the dollar failed to attract institutional investors to government stocks. Smaller operators were active, however. In thin trading, longer-dated gilts rose ¾ before the tone faltered on receipt of last month's trade returns. These disclosed a surprise deficit, compared with the large surpluses of recent months, and gilt-edged gains were pared after hours to ½ or less in most cases.

A Financial Times report revealing that the Cyprus Government is preparing a European human rights charge against Polly Peck for alleged exploitation of Greek Cypriot property prompted heavy selling of the fruit packing and trading group and Mr Asil Nadir's other two quoted concerns.

Share information service, Pages 36–37

NEW YORK STOCK EXCHANGE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
10¾	5⅛	AAR	44	4.8	22	5	9½	9¼	9¼	
38	27½	ACF	2.76	8.5	9	122	33¼	32½	32½	-¼
20	12¼	AMF	1.36	7.8	33	790	17½	16⅞	17½	+¼
25¾	11½	AMR Co				2776	22⅜	21⅞	22⅛	-¼
12⅛	4	AMR	wt			771	10⅛	9⅝	10⅛	-⅛
17⅞	14¼	AMR	pf2.18	12		74	u18	17½	17¾	-⅛
28½	24⅜	AMR	pf2.13	8.0		383	27⅛	26	26½	-⅛
6⅝	2½	APL			27	153	5¼	5⅛	5⅛	-⅛
38¾	23½	ARA	2	5.2	11	312	u39	35	38¾	+¼
78⅝	24½	ASA	3a	4.3		1383	69¼	67	69¼	+3⅛
27⅜	13⅝	AVX	.32	1.2	35	1763	26¾	26⅛	26½	+⅛
41⅝	27	AbtLab	.84	2.1	17	1640	40½	40	40½	+¼
23¾	15⅝	AcmeC	1.40	7.5	21	29	18¾	18⅜	18⅝	+⅛
12⅞	5¼	AcmeE	.32b	2.7	31	65	11⅞	11¼	11⅞	+¼
10¾	4⅛	AdmDg	.64	4	10	49	8¾	9½	8½	+¼
17⅞	12½	AdaEx	1.73e	11.		80	16¼	15⅞	16¼	+⅛
9¼	4⅝	AdmMl	.20e	2.4	11	28	8¼	7⅞	8¼	+¼
19⅞	12⅜	Advest	s.16	.8	13	370	u20⅞	19⅝	20⅝	+⅞
38⅛	11¼	AMD	s		59	1946	u38⅜	37½	38¼	+1
48¾	32⅞	AetnLf	2.52	6.6	6	2893	38¼	37⅝	38	+¼
65	52⅝	AetL	pf2.40e	4.6		108	62¼	61⅞	62	-½
33⅛	8	Ahmns	.60	2.0		4385	29¾	28¼	29⅝	+1⅛
4	2⅛	Aileen				38	3⅝	3⅛	3½	+⅛
45	23⅞	AirPrd	.60	1.6	13	529	44	43¼	43½	
31¼	6⅝	AirbFrt	.80	2.6	28	434	21¾	20¾	21¾	+1
2⅞	2	AlMoa	n		4	124	2⅛	2⅛	2⅛	

A FINANCIAL TIMES SURVEY

GOLD

APRIL 14 1983

The Financial Times is proposing to publish a Survey on Gold in its issue of 14th April. The provisional editorial synopsis is set out below.

1. **Introduction The Gold market prospects for Gold price movements in the year ahead, etc.**
2. **Gold in the World Monetary System**
3. **Futures markets**
4. **London bullion brokers**
5. **Production**
6. **Demand**
7. **Coins**
8. **Mining shares**

Copy date April 5

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Continued on Page 33

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AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued on Page 34

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 32

Continued on Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

CANADA

LONDON

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BP	304	+ 4
Driefontein	£32	+ ½
Heron el London	23	+ 1
ICI	374	− 2
Landen & Liverpool	458	− 40
Plessey	583	− 7
Polly Peck	£24⅛	− 6⅝
Shell Transport	416	+ 4
Superdrug	265	− 5
Wearwell	88	− 17
Western Deep	£32½	+ ½
Western Mining	231	+ 8

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No of changes	Wed close	Day's change
Superdrug	33	270	—
De Beers Dfd	22	478	− 20
Glaxo	21	705	+ 20
Cns Gold Flds	20	505	− 10
Shell Trans	17	412	− 12
Kloof Gold	16	£29¾	− 2¼
Pres Brand	16	£31	− 3½
Vaal Reefs	16	£75	− 4¼
Driefontein	15	£21⅛	− 1⅛
Harmony	15	£14	− 1½
LASMO	15	244	− 8
Anglo Am Gold	14	£78¼	− 3⅞
Highgate Optical	14	68	+ 35
Security Cntrs	14	353	+ 18

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	79	—	18
Corpns. Dom and Foreign Bonds	30	5	41
Industrials	241	274	813
Financial and Props.	114	72	329
Oils	20	23	67
Plantations	6	3	13
Mines	30	57	82
Others	62	52	47
Totals	582	486	1,390

NEW HIGHS AND LOWS FOR 1982/3

NEW HIGHS (89)

AMERICANS (10)

Alcoa, Ingersoll-Rand, American Express, Merrill Lynch, Browning-Ferris, Simplicity Patterns, Eaton Corp, Utd Technology, Gen Electric, Woolworths

CANADIANS (1)

Bell Canada

BANKS (1)

Charterhouse

BREWERS (2)

Brown (M.), Clark (M.)

NEW LOWS (11)

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur Feb 24 1983

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)
1	CAPITAL GOODS (208)	436.92	−0.5	9.09	3.93	13.75

FIXED INTEREST

FINANCIAL TIMES STOCK INDICES

	Feb. 24	Feb. 23	Feb. 22	Feb. 21	Feb. 18	Feb. 17	Year ago
Government Secs.	78.89	78.72	78.65	78.54	78.98	78.58	66.86
Fixed Interest	80.46	80.36	80.69	81.08	81.28	81.17	66.64
Industrial Ord.	637.2	637.2	642.4	644.6	645.6	650.2	551.8
Gold Mines	625.9	651.3	671.3	700.6	705.8	721.9	268.3
Ord. Div. Yield	5.06	5.06	5.04	5.03	4.76	4.75	5.68
Earnings, Yld.% (full)	10.63	10.65	10.78	10.75	10.25	10.20	9.86
P/E Ratio (net)	11.10	11.08	11.16	11.18	11.73	11.78	11.34
Total bargains	23,779	24,330	24,904	25,214	25,848	28,324	24,292
Equity turnover £m.	—	247.20	290.62	210.15	285.50	564.48	192.78
Equity bargains	—	21,538	20,574	21,443	25,215	25,350	24,694
Shares traded (ml)	—	144.2	156.1	133.8	900.4	171.7	133.1

10 am 639.8. 11 am 638.9. Noon 638.9. 1 pm 634.3. 2 pm 634.5. 3 pm 636.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

HIGHS AND LOWS — S.E. ACTIVITY

NEW YORK AND CANADA Indices

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

NEW YORK CLOSING PRICES

Continued from Page 33

COMMODITIES AND AGRICULTURE

Rubber reaches three-year high

BY RICHARD MOONEY

NATURAL RUBBER prices rose to three-year highs yesterday as continued speculative buying was encouraged by reports of Chinese demand and confirmation that leading producers were in favour of maintaining action aimed at supporting prices.

On the London physical market the RSS No 1 Spot position ended the day 3p up at 71.25p a kilo. On the futures market the April position closed £25.50 higher at £727.50 a tonne.

At a meeting in Kuala Lumpur which ended yesterday members of the Association of Natural Rubber Producing Countries (ANRPC) agreed that the policy of holding 250,000 tonnes of rubber off the market since last October had had positive market impact and should be continued.

Mr Mazlan Jamaluddin, chairman of the Malaysian Rubber Producers Council (MRPC), said members had agreed unanimously not to offload their present rubber stocks onto the market.

The MRPC would meet at the end of next month to decide on further action to be taken by the private sector in line with ANRPC recommendations to prop up prices, he added.

ANRPC members are also reported to have agreed to adopt a common position at the International Rubber Organisation meeting in May.

The producers are expected to seek a rise in the buffer stock price range under the International Rubber Agreement which they feel has been left behind by inflation.

Delegates at this week's meeting thought the INRO objective of obtaining a remunerative price for producers could be achieved if consumers accepted amendments to the agreement.

Argentine grain talks

BY JIMMY BURNS IN BUENOS AIRES

A SOVIET trade mission which arrived here yesterday is expected to discuss raising the minimum amounts of grains to be purchased from Argentina under a five-year agreement signed in 1980.

Sr Ignacio Garcia Cuervo, the Argentine Agriculture Undersecretary, said his country was interested in selling about 1m tonnes of wheat in addition to wheat sales already signed and the minimum 4.5m tonnes of coarse grains and soya beans stipulated in the agreement.

He predicted a bumper wheat harvest of 14.5m tonnes of which 4.5m tonnes would be consumed domestically. Already, 9m tonnes have been registered as sold by local trading companies. Of this, 3.5m tonnes has already been sold to the Soviet Union, with China and Peru as the other main buyers.

Sr Cuerva said Argentina was expecting for a bad maize and soya bean harvest and would press the Soviet mission to substitute sorghum for maize in the agreement this year.

The delegation leader, Mr Boris Gordeev, hinted strongly that the Soviet Union was looking at ways of narrowing its trade gap with Argentina.

However, Sr Cuerva dismissed the possibility that the Soviets might have come bent on bargaining additional grain sales in return for increased exports to Argentina.

Block to speak at FT grains conference

By John Edwards, Commodities Editor

MR JOHN BLOCK, U.S. Agriculture Secretary, has decided after all to speak at the Financial Times conference on the Outlook for World Grains to be held in London on March 22 and 23. Mr Block takes the place of Mr Richard Lyng, his deputy, who was due to speak on U.S. grain policy.

Other speakers at the conference include Mr Poul Dalsager, EEC Agriculture Commissioner; Mr Arthur Dunkel, director-general of Gatt, and Mr Montague Yudelman, director of the World Bank Agriculture and Rural Development Department.

● MALAYSIA and Australia are close to concluding a long-term sugar contract under which Malaysia is expected to buy 200,000-250,000 tonnes of Australian raw sugar annually between 1985-87.

● CALCUTTA auction authorities have cancelled the two tea sales planned for March because the political situation in Assam has caused a sharp fall in tea arrivals in Calcutta.

● THE International Wheat Council has cut its estimate of 1982 world wheat production to 476m tonnes from 478m, in its January report. The 1981 crop totalled 452m tonnes. The IWC world trade estimate for 1982-83 is also reduced by 1m tonnes to 99m with reductions for the EEC, Poland and China more than offsetting an increase in forecast shipments to the USSR.

● GOLDENLAY is to raise egg prices by 2p a dozen for sizes 1 to 3 and by 4p a dozen for sizes 4 to 7.

● HOPES that the EEC will be able to join in a new International Sugar Agreement rose after two days of "fruitful" talks between the world's four main exporters.

Gold options trading to start next month

BY JOHN EDWARDS

THE DATE for the start of options trading on the London gold futures market has been set for March 21, it was confirmed yesterday. As announced last month, trading initially at least will be in simple non-transferable options, not the traded options introduced on the New York gold futures market last October.

Gold options are already offered by brokers, but their introduction on the futures market will help provide official quotations for premiums payable and should also broaden the scope of the market.

The great attraction of options is that they provide a means of trading in futures with a known maximum loss—the premium paid if the option to buy or sell at a specified date is not exercised.

However, traded options to be launched on the London sugar futures market on March 1 will offer considerable advantages over the traditional, non-transferable option, according to sugar dealers.

Traded options can be both bought and sold at any time, thus offering much greater flexibility, especially for grantors who often find difficulty in covering "put" (sell) options effectively unless holding actual stocks. In traded options there is virtually a separate market in premiums.

The trial futures options programme on the U.S. exchanges, started last year, is based on traded options. So far they have had a mixed reception depending on the individual market—New York sugar futures traded options have attracted little interest because of the depressed conditions.

The London sugar market, in spite of the current depressed state, has chosen to lead the way on traded options. But several other exchanges, including gas oil, coffee and cocoa, are known to be interested and will watch closely how the sugar options fare.

Copper prices rally sharply

BY JOHN EDWARDS

COPPER PRICES rallied sharply on the London Metal Exchange yesterday, in spite of a sluggish performance by gold. The high grade copper cash price closed £33.5 up at £1,119 a tonne, wiping out the previous two days' losses and establishing a new 35-month peak.

Traders said the rise was triggered off by heavy speculative buying, some believed to be on behalf of funds, which started in New York. It was noted that cheaper oil prices, which have hit gold and other precious metals, viewed as stores of wealth, should help to boost demand for base metals by aiding an industrial recovery.

So gold is now exercising much less influence on the base metals than previously. To emphasise the waning influence of gold, other base metals followed the upward trend in copper. Cash aluminium resumed its recent strong upsurge gaining £26 to £861 a tonne — the highest level since April 1, 1980.

Cash lead closed £8.75 up at £302.25 a tonne, encouraged additionally by news that Kennecott was threatening to close its Ozark lead plant in Missouri and forecasts of a possible U.S. producer price rise. Cash zinc gained £3.25 to £445.5 a tonne in spite of Noranda's decision to cut its U.S. selling price for zinc by 2 cents.

Dallas exchange to open in July

By Nancy Dunne in Washington

THE New York Mercantile Exchange, home of the most successful U.S. energy contracts, will have a new competitor on its hands on July 1. World Energy Exchange.

The new market, located in Dallas, Texas, will be completely computerised. Members will trade from desktop terminals in remote locations or on the exchange floor in central Dallas.

The exchange's founders believe that a lack of variety in energy contracts and lack of central location have limited the number of participants to the energy marketplace.

Initially, the exchange will trade three contracts: crude oil, heating oil and unleaded petrol.

Two types of exchange membership will be offered. A regular membership costs $25,000 (£16,339) and entitles the member to one trading screen. "Master memberships," costing $125,000 gives holders 25 terminals.

Members are being lured by the promise of suspended transaction fees during the first six months of operation for the first 200 who sign up. The exchange will charge $2 per side per contract for transaction fees.

Trading will be transacted by the central computer which will automatically match equal bids and offers.

Each execution will be immediately confirmed to the members of both sides of the trade by the printer mechanisms at members' terminals.

Heading the new exchange as president and chief executive officer is Ms Susan W. Wagner, former executive of the Commodity Futures Trading Commission, who managed the CFTC's daily operations.

Farm income figures 'based on guesses'

BY JOHN CHERRINGTON

THE NEWS that farmers' incomes are shown in the Annual Review White Paper to have risen by 45 per cent has attracted headlines and a good deal of sardonic comment from the non-farming population.

But it's worth noting that the calculations used to reach this figure are based not on accountancy but on Ministry estimates of cost and returns for the industry as a whole.

A more accurate assessment, but covering only the period to February 1982 is published at the same time and is based on 2,000 farm accounts from all over the UK.

Farmer's viewpoint
By John Cherrington

The only common factor is the extraordinary variation in returns—from an income fall of 9 per cent for specialist cereals in England to an increase of 454 per cent for cattle and sheep in Northern Ireland.

Because of the practical difficulty of averaging out such differences from figures already a year out of date, the notion of a "national farm" is used. The result I have always believed to be a matter of guesswork.

The whole exercise derives from calculations made before the annual price review in pre-EEC days. From these figures, the price determinations were made on which the guarantees were set. But since joining the EEC the British Government has lost its power to dictate prices or anything else to farmers.

All a British Minister can do is to attempt to influence the price fixing, which is what Mr Peter Walker tried to do at the last EEC review where an increase of nearly 11 per cent was awarded by a majority vote reportedly much to Mr Walker's fury.

The National Farmers' Union (NFU) is somewhat embarrassed because it can hardly claim that farmers really need the extra 7 per cent they are demanding for this next year from the price review instead of the 4½ per cent being offered by the Commission.

Farm workers are now demanding a substantial rise and on the face of it, who can blame them?

The NFU's reply is that in real terms farmers are not as well off as they were in the mid-Seventies, while the workers bore benefited far more in real terms.

Mr Walker and farmers have been right to point to the advances in production and productivity which reflect a high degree of technical efficiency. It is doubtful if they would have come so soon without open-ended EEC guarantees.

Much more debatable is the claim made both by Sir Richard Butler, the NFU president, and Mr Walker that farmers are comparing well with industry, with high productivity and no strikes.

No other industry that I know of has the advantage of maximum production with open-ended guarantees for everything it produces in the main sectors and complete protection against third country imports.

Moreover, for much of the period reviewed, the strength of sterling ensured that they benefited from a positive MCA, equivalent to extra protection of 10-12 per cent.

If British Leyland could sell all it produced either to a captive home market or under an intervention system or subsidised export, it could probably claim a degree of efficiency. Sensible farmers would do well to bear these matters in mind.

● THE DECLINE in British liquid milk consumption, which slowed significantly last year, quickened again last month, according to figures published by the Milk Marketing Board.

PRICE CHANGES

In tonnes unless stated otherwise	Feb. 24 1983	+ or −	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1120/1125		$1095/1112
Copper			
Cash h grade	£1119	+33.5	£1034.75
3 mths	£1150.25	+34	£1066.75
Cash Cathode	£1095	+33.5	£1008
3 mths	£1126	+34.5	£1038
Gold troy oz	$474.5	+2.0	$485
Lead Cash	£302.25	+8.75	£304
3 mths	£314.25	+8.25	£316.25
Nickel	£4504		£4384
Free mkt	195/225c		195/225c
Palladium oz	$115.75	+4.25	$183.75
Platinum	£294.95	+5.45	£306.00
Quicksilver	$348/358		$335/345
Silver troy oz	899.10p	+19.5	859.40p
3 mths	918.80p	+19.15	880.80p
Tin cash	£8717.5	+57.5	£7978.5
3 mths	£8725	+60.5	£7966
Tungsten	$94.35		$90.21
Wolfram 22.04 lb	$80/85		$78/82
Zinc Cash	£445.5	+3.25	£451
3 mths	£460.5	+4.25	£466.25
Producers	$750-800		$800

	Feb. 24 1983	+ or −	Month ago
Oils			
Coconut (Phil)	$467.5z	−2.5	$445
Groundnut			
Linseed Crude	£317		£333
Palm Malayan	$372.5x	−2.5	$375
Seeds			
Copra Phillip	$315		$303
Soyabean (U.S.)	$240.25	−0.15	$241.25
Grains			
Barley Fut. May	£120.60	−0.15	£117.40
Maize	£140.00		£147.00
Wheat Fut. May	£133.70	−0.25	£126.75
No2 Hard Wint.			
Other commodities			
Cocoa ship't*	£1259.5	+17.5	£1270
Fut. May	£1294.5	+17.5	£1294.5
Coffee Ft. May	£1646	+5.5	£1713.0
Cotton A. Index	75.00c	+0.75	72.55c
Gas Oil Mar.	$232.50	+7.50	$240.5
Rubber kilo	71.25p	+3	59.5p
Sugar (Raw)	$104x	+1	$110
Wool tp's 64s	402p kilo		398p kilo

¶ Unquoted. w March. x April. z Feb-March. † Per 75-lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.25-28.40	—
Iranian Light	28.00-27.75	+0.12
Forcados(Nig)	28.00-28.75	—
Arabian Heavy	[illegible]	—
North Sea (Forties)	27.70-27.75	+0.57
North Sea (Brent)	27.75	+0.55
African Bonny Lt(Nig)	28.25-28.75	+0.50
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	263-266	+0.5
Gas oil	225-229	+2.5
Heavy fuel oil	151-153	+0.5

GAS OIL FUTURES

Strength on the New York close brought London in around $6.00 higher where it met good selling, pushing prices back a couple of dollars for much of the morning. Renewed strength in the U.S. pushed the market to new highs in mid-afternoon, again attracting good selling.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Feb	238.00	+6.00	232.75-33.25
March	230.50	+7.50	233.00-29.00
April	228.75	+7.00	227.75-21.75
May	225.00	+8.25	225.75-19.50
June	222.75	+8.75	223.25-19.50
July	225.00	+8.50	224.25-21.50
Aug	226.00	+9.25	226.00-21.00
Sept	228.50	+8.50	227.00-24.00
Oct	227.00	+8.75	227.50-23.25

Turnover: 4,579 (5,720) lots of 100 tonnes.

GOLD MARKETS

Gold rose $2 to $474-475 in steadier London bullion trading. The metal opened at $473½-474½ and was fixed at $473.75 in the morning and $475.00 in the afternoon. It touched a peak of $475-476, and a low of $470-471.

In Paris the 12½ kilo gold bar was fixed at FFr 104,000 per kilo ($472.01 per ounce) in the afternoon, compared with FFr 104,000 ($472.32) in the morning, and FFr 105,500 ($476.63) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,850 per kilo ($475.01 per ounce), against DM 37,550 ($482.03), and closed at $474-476, compared with $484½-485½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $474.25 per ounce, compared with $482.

In Zurich gold finished at $473-476, against $470-473.

LONDON FUTURES

Month	Yest'day's close	+ or −	Business Done
	$ per troy ounce		
March	475.00-74.0	+3.20	476.60-70.7
April	477.00-77.5	+3.25	479.00-74.7
May	480.00-81.0	+2.45	—
June	484.00-84.5	+2.95	486.00-82.0
July	487.50-88.5	+2.10	[illegible]
Aug	491.00-92.0	+1.90	—
Sept	495.00-96.0	+1.95	—

Turnover: 1,036 (2,095) lots of 100 troy ounces.

	Feb. 24	Feb. 23
Gold Bullion (fine ounce)		
Close	$474-475 (£310¼-311)	$472-470 (£310-310½)
Opening	$473½-474½	[illegible]
Morning fixing	$473.75	$470.25
Afternoon fixing	$475.00	$470.25
Gold Coins Feb. 24		
Krugerrand	$488-489	
½ Krug	$251½-252½	
¼ Krug	$128-129	
1/10 Krug	$52-53	
Mapleleaf	$487-488	
New Sov.	$111½-112½	
½ New Sov.	[illegible]	
King Sov.	$112½-114	
Victoria Sov.	$112½-114	
French 20s	$101-103	
50 pesos Mex.	$570-575	
100 Cor. Aust.	$460-465	
$20 Eagles	$590-610	

EUROPEAN MARKETS

ROTTERDAM, February 24.

Wheat—(U.S.$ per tonne): U.S. No. Two Red Winter, March 159, April 150, May 157, June 145. U.S. No. Three Amber Durum, April/May 168, May 168, June 162, July 170. U.S. No. Two Northern Spring 14 per cent protein: March 173, Feb 180, April 173½, May 182, June 168, July 168. Canadian Western Red Spring, April/May 185.

Maize—(U.S.$ per tonne): U.S. No. Three Yellow: Gulfports Feb 133, March 132.50, April/June 134, July/Sept 136.50, Oct/Dec 132, Jan/March 139.50 sellers.

Soyabeans—(U.S.$ per tonne): U.S. No. Two Yellow Gulfports, Feb 224.25, March 235.50, April 238.00, May 241, June 243.75, July 246, Aug 249, Sept 250, Oct 248, Nov 247.00, Dec 251.75, Jan 258.50, Feb 260.25 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent, April 210 traded, afloat 211, Feb 210, March 210, April 211, April/Sept 216, Nov/March 230 sellers. Brazil Pellets, March 227.50, April 224, May 223, April/Sept 224 sellers.

PARIS, February 24.

Cocoa—(FFr per 100 kg): March 1350-1365, May 1405-1410, July 1400 bid, Sept 1475-1485, Dec 1450-1475, March 1460 bid, May 1465 bid.

Sugar—(FFr per tonne): May 1611-1618, July 1570-1585, Aug 1605-1607, Oct 1633-1637, Nov 1630-1640, Dec 1685-1695, March 1765-1800, May 1840-1865.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES surged ahead in active trading on the London Metal Exchange. Copper edged higher during the morning, aided by the steadier trend in precious metals, but rose sharply around the opening of U.S. markets as Comex surged on speculative buying. Three month material touched £1,153 prior to closing the late kerb at £1,152.5. Lead and Zinc moved up in sympathy and closed at £314.5 and £461.5 respectively. Aluminium continued to move erratically and closed at £887, after £890 and £866. Speculative buying boosted Tin to £8,707.5 while Nickel was finally £3,957.5.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	1095.5	+27.5	1118.5-9.5	+33.5
3 months	1126.5-.8	+27.5	1152-.5	+34
Settlem't	1096	+28	—	
Cathodes				
Cash	1078.5-1.5	+25	1094-5	+33.5
3 months	1101-.5	+25	1105-7	+34.5
Settlem't	1071.5	+25	—	
U.S. Prod.	—		*78-83	

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,127.00, 26.00, 25.00, 26.00, [illegible]. Cathodes: Cash £1,073.00, three months £1,104.00, 03.00. Kerb: Higher grade: three months £1,128.00, [illegible]. Afternoon: Higher grade: three months £1,148.00, [illegible]. Kerb: Higher grade: three months £1,150.00, [illegible]. Turnover: 47,525 tonnes.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grde	£	£	£	£
Cash	8660-5	+25.5	8715-20	+57.5
3 months	8680-5	+28	8710-5	+60.5
Settlem't	8680	+27	—	
Standard				
Cash	8660-5	+25.5	8715-20	+57.5
3 months	8680-5	+28	8710-5	+60.5
Settlem't	8665	+27	—	
Straits E.	$29.70		—	
New York	—			

Tin—Morning: Standard: Cash £8,685, three months £8,690, 80, 85, 80. Afternoon: Standard: Cash £8,700, three months £8,695, 80, 85, 8,700, 05, 10. High Grade: Cash £8,700. Kerb: Standard: three months £8,710, 05. Turnover: 3,820 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	300.5-1	+8	302-2.5	+8.75
3 months	313-.5	+8.5	314-5	+8.25
Settlem't	301	+8	—	
U.S. Spot	—		*20.5-24	

Lead—Morning: three months £310.00, 11.00, 12.00, 13.00, 12.50, 13.00. Kerb: three months £315.00. Afternoon: three months £315.00, 16.00. Kerb: three months £316.00, 14.00. Turnover: 33,100 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	443-.75	+6.12	445-6	+3.25
3 months	458.5-9	+6	460-1	+4.25
Settlem't	444	+5.5	—	
Primw'ts	—		*40-75	

Zinc—Morning: three months £460.00, 56.00, 56.50. Kerb: three months £460.00, 59.00, 59.50. Afternoon: three months £461.00, 61.50, 62.00, 60.50, 61.00. Kerb: three months £460.00, 61.00. Turnover 10,675 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	846.7	+41.7	860.5-1.5	+26
3 months	876-7	+33	888-9	+26.7

Aluminium—Morning: three months [illegible]. Afternoon: three months [illegible]. Kerb: three months £867.00, 89, 90, 89, 87, 86, 85, 86, 84, 83, 85, 86. Turnover: 24,421 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	3860-70	+55	3865-95	+65
3 months	3930-40	+49.5	3955-60	+65

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

Nickel—Morning: three months £3,925, 30, 15, 10, 20, 25, 30. Kerb: three months £3,940, 50, 60, 70, 65. Afternoon: three months £3,960, 55, 60, 65, 70, 65, 60, 50, 55. Kerb: three months £3,950, 55, 60, 50, 54, 50, 55. Turnover: 1,752 tonnes.

SILVER

Silver was fixed 10.3p an ounce higher for spot delivery in the London bullion market yesterday at 888.10p. U.S. cent equivalents of the fixing levels were: spot 1,353.5c, up 22c; three-month 1,391.6c, up 22.3c; six-month 1,428.9c, up 22.7c; and 12-month 1,514.6c, up 22.9c. The metal opened at 890-893p (1,352-1,357c) and closed at 896-899p (1,370-1,375c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	888.10p	+10.3	896.0p	+14.5
3 months	912.85p	+18.1	930.5p	+14.5
6 months	936.65p	+18.8		
12months	984.30p	+18.8		

LME—Turnover 156 (186) lots of 10,000 ozs. Morning: Three months 910.0, 15.5, 15.0, 14.5, 15.0, 17.0, 18.0, 17.5. Afternoon: Three months 922.0, 20.0, 22.0, 21.5, 21.0, 20.0. Kerb: 912.0, 14.0, 14.5, 15.0, 17.0, 18.0, 20.0. Kerbs: Three months 922, 19.0, 16.0, 17.0, 20.0.

COCOA

Following an opening of £10.00 steadier cocoa futures failed to move significantly out of a narrow trading range and closed quietly, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	1270-71	+15.5	1279-63
May	1294-95	+16.0	[illegible]
July	1315-16	+17.5	1326-09
Sept	1337-38	+19.5	1348-30
Dec	1358-60	+15.5	1369-55
March	1369-61	+15.5	1375-61
May	1362-64	+16.0	[illegible]

Sales: 4,576 (7,521) lots of 10 tonnes.

ICCO—Daily price for Feb 24: 87.26 (86.88). Indicator prices for Feb 25: 87.87 (88.07).

COFFEE

Following early gains, prices remained fixed in a narrow range in quiet conditions, reports Drexel. Activity increased slightly during the afternoon but no fresh features emerged.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
March	1624-30	+10.0	[illegible]
May	1647-48	+5.5	1654-44
July	[illegible]	+10.5	[illegible]
Sept	[illegible]	+12.5	[illegible]
Nov	[illegible]	+14.0	[illegible]
January	[illegible]	+11.5	[illegible]
March	[illegible]	+10.5	[illegible]

Sales: 3,454 (2,126) lots of 5 tonnes. ICO indicator prices for Feb 23 (U.S. cents per pound): Comp. daily 1979 122.71 (124.05); 15-day average 124.76 (124.72).

GRAINS

The market opened 10p down for old crop and unchanged for the new crop. Nervous selling in the nearest pushed prices a further 10p lower where it found support. Barley had good support to end 25p-15p higher at lunch. In the afternoon wheat continued upwards in front of restrictions announced to finish 75p-90p higher on day for wheat and 10p for barley.

Mnth	WHEAT Yesterd'ys close	+ or −	BARLEY Yest'rd'ys close	+ or −
Mar.	130.65	+0.75	110.00	−0.15
May.	133.70	−0.25	120.60	−0.15
July.	135.90	−0.40	—	
Sep.	117.15	—	111.50	—
Nov.	121.35	—	115.50	—
Jan.	125.75		119.25	
Mar.	128.75	−0.15	122.65	−0.15

Business done—Wheat: March 130.86-129.70, May 133.90-132.70, July 136.00-134.80, Sept 117.15 only, Nov 119.25 only. Sales: 235 lots of 100 tonnes. Barley: March 118.10-118.50, May 120.75-120.50, Sept 110.25 only. Sales: 100 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent, April/May 12.40, June 122.40, July 124.40 transhipment East Coast sellers. English Feed fob, March 125.25, April/June 133 East Coast sellers. Maize: French, Feb 149 transhipment East Coast sellers. Barley: English Feed fob, Feb 121, March 122 East Coast sellers. Rest unquoted.

HGCA—Locational ex farm spot prices. Feed wheat: S. East 130.10, W. Mids. 131.30. Feed barley: S. West 117.70. The UK monetary coefficient for the week beginning February 28 is expected to remain unchanged.

POTATOES

The market was uncertain, closing slightly firmer although near to the day's lows, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	72.00	71.70	73.50-71.70
May	80.30	79.70	[illegible]
Nov	68.00	68.00	[illegible]
Feb	76.80	76.80	—

Turnover: 391 (426) lots of 40 tonnes.

RUBBER

The London physical market opened steadier and was firm throughout the day, closed uncertain. Lewis and Peat recorded a March fob price for the No. 1 RSS in Kuala Lumpur of 230.5 (224.0) cents a kg and SMR 20 210.0 (208.0).

No. 1 R.S.S.	Yesterday's close	Previous close	Business done
	£ per tonne		
Mar	700-750	694-700	720
Apr	[illegible]	[illegible]	[illegible]
Apl-Jne	727-730	700-705	728-721
Jly-Sept	754-755	727-730	756-740
Oct-Dec	776-777	746-747	777-765
Jan-Mar	797-798	764-765	[illegible]
Apl-Jne	820-822	789-760	810
Jly-Sept	843-845	810-813	840-833
Oct-Dec	865-868	831-836	864

Sales: 1,059 (1,322) lots of 15 tonnes, 12 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were spot 71.25p (68.25p); March 73.50p (71.50p); May 74.50p (72.50p).

SOYABEAN MEAL

The market opened around unchanged in featureless conditions and remained dull on lack of any fresh news closing steady, reports T. G. Roddick.

	Yesterday's Close	+ or −	Business Done
	£ per tonne		
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]

Sales: 52 (148) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £104.00 (£103.00) a tonne cif Feb-March-April shipment. White sugar $124.00 ($124.50).

The market moved higher over the day as short covering developed which found sellers withdrawing scale-up.

No.4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 3,653 (4,625) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.50 (same) a tonne for home trade and £208.00 (£208.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean ports). Prices for Feb 23: Daily price 6.23 (6.34); 15-day average 5.51 (5.50).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 531.0, 532.0, 533.0-530.0; May 553.0, 555.0, 555.0, 553.5-552.5; July 567.0, 568.0, 566.0-568.0-567.5; Oct 553.5, 554.0, 554.0-553.0; Dec 559.0, 560.0, 560.0-559.0; March 569.5, 570.0, 570.0-570.0; May 572.0, 576.0, 576.0-575.0; July 583.0, 583.0, untraded. Sales: 80.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business). New Zealand cents per kg. March buyer unquoted, 368, 366-364; May 380, 382, 378; Aug 404, 405, 407-402; Oct 413, 416, 416-412; Dec 421, 424, 426-417; Jan 424, 426, 423-419; March 430, 433, 432-427; May 440, 444, 442-440; Aug 447, 454, untraded.

MEAT/FISH

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.40-£4.00, codlings £1.60-£2.00; large haddock £4.00, medium £2.60, small £1.40-£1.80; medium plaice £3.00-£3.50, best small £2.50-£3.20; lemon sole (large) £11.50, medium £7.00, rockfish £2.50-£3.50; saithe £1.70-£2.10.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 92.84p per kg lw (−0.72). GB—Sheep 178.30p per kg est dcw (−9.21). GB—Pigs 69.12p per kg lw (+2.17).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 79.4 to 83.7. Veal: Dutch hinds and ends 135.0 to 138.5. Lamb: English small 81.0 to 88.0, medium 78.0 to 82.0, heavy 70.0 to 74.0. Scottish heavy 72.0 to 75.5. Imported: New Zealand PL 46.5 to 50.5, PM 48.0 to 49.0, YL 47.0 to 48.0. Pork: English, under 100 lb 34.0 to 50.0, 100-120 lb 40.5 to 48.5, 120-160 lb 35.5 to 46.0.

INDICES

FINANCIAL TIMES

Feb. 23	Feb. 22	M'th ago	Y'ar ago
258.58	259.76	255.00	245.70

(Base: July 1 1952=100)

REUTERS

Feb. 24	Feb. 23	M'th ago	Y'ar ago
1701.6	1698.0	1653.6	1605.2

(Base: September 18 1931=100)

MOODY'S

Feb. 23	Feb. 22	M'th ago	Y'ar ago
1065.8	1070.0	1051.5	995.7

(December 31 1931=100)

DOW JONES

Dow Jones	Feb. 23	Feb. 22	Month ago	Year ago
Spot	144.28	145.56	145.24	133.28
Futures	149.26	149.1	146.1	135.64

(Base: December 31 1974=100)

English Produce: Apples—Per pound, Bramley 0.05-0.18, Cox 0.12-0.29, Ida Red 0.06-0.10, Russets 0.14-0.18, Spartan 0.08-0.12, Crispin 0.06-0.10. Pears—Per pound, Conference 0.12-0.25, Comice 0.10-0.29. Cabbages—Per bag 2.20-3.00. Mushrooms—Per pound, open 0.50-0.70, closed 0.40-0.80. Lettuce—Per tray 1.80-2.80. Onions—Per 55 lb 2.20-2.80. Pickling Onions—Per 55 lb 3.00-3.50. Cabbages—Per 25 lb 1.00-1.50; per 28 lb white/red 1.50-2.40. Brussels sprouts—Per 20 lb 1.00-1.80. Broccoli—Per 10 lb 1.20-1.60. Turnips—Per 28 lb 1.40-1.60. Swedes—Per 28 lb 0.60-1.20. Parsnips—Per 28 lb 1.20-1.60. Leeks—Per 20 lb 2.00-2.40. Cauliflowers—Kent, 12s 2.50-5.00. Rhubarb—Per pound, Yorkshire 0.28-0.30. Tomatoes—Per pound 0.55-0.60. Carrots—Per 28 lb 1.50-3.50. Calabrese—Italian: 10lb 3.00-3.50. Endive—French: 7.00-7.50. Tomatoes—Canary: 5.00-6.00. Celery—Spanish: 6.00-6.50. Aubergines [illegible]. Cauliflowers—French: 24s 5.00-5.50. Onions—Tunisian: 20 x 8oz 9.80-10.00. Fresh Dates—Israeli: 11lb 4.80-5.20.

AMERICAN MARKETS

Precious metals recovered early from an oversold position. However, as both gold and silver failed to attain critical technical objectives renewed commission house selling eroded most of the gains. Technical buying, short coverage and arbitrage buying moved copper prices to new contract highs. Favourable economic news on durable goods orders attracted trade interest. Sugar prices rallied on reports that the U.S. would raise the import quota. Arbitrage buying was a supporting factor. Cotton prices continued their steady advance with technical buying the most important support. Trade and commission house buying entered the market midway on rumours of heavy Soviet buying of U.S. cotton. Cocoa prices were virtually unchanged as reports of fire damage in West Africa were offset by crop improvement in Africa. Coffee prices were moderately higher with light roaster interest in back months the only important feature. Heating oil was moderately higher on indications that the Opec price reduction would be less than the rumoured $5.50 per barrel. Soyabeans and wheat came under light pressure from profit-taking late in the day, while price breaks in maize found good support from commission houses. Reported by Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	1782	1788	1770	1775
May	1827	1847	1821	1813
July	1851	1867	1842	1851
Sept	1868	1882	1867	1869
Dec	1883	1899	1886	1880
March	1900	1905	1905	1905
May	1920	—	—	1925

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
March	126.21	126.40	125.70	126.09
May	121.87	122.35	121.35	121.73
July	120.62	127.10	120.30	120.71
Sept	110.23	118.75	119.00	110.10
Dec	116.20	112.75	116.20	110.10
March	113.18	113.50	113.50	112.62
May	109.35	—	—	166.50
July	108.87	106.87	108.87	106.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	78.85	79.16	77.30	76.50
April	78.65	79.50	79.50	77.70
May	80.45	80.66	78.50	78.45
July	62.00	82.30	80.50	79.50
Sept	83.25	83.00	83.00	81.20
Dec	84.95	85.50	83.70	82.50
Jan	85.50	85.75	83.50	83.45
March	86.50	87.50	85.30	84.50
May	87.65	88.40	86.40	85.65
July	88.70	89.20	87.60	86.50

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	69.35	69.85	68.75	68.97
May	70.00	70.60	65.76	70.36
July	70.85	71.30	70.60	71.05
Oct	69.35	86.75	69.35	69.43
Dec	66.40	88.66	69.00	66.15
March	70.75	71.20	70.75	70.55
May	71.70	—	—	71.50
July	71.70	—	—	71.50

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	475.0	475.0	475.0	470.2
March	469.0	475.5	469.5	468.2
April	473.7	479.2	472.0	471.5
June	480.5	486.5	479.0	478.4
Aug	487.2	494.5	486.5	485.8
Oct	496.4	502.0	494.6	493.6
Dec	503.4	510.5	502.0	501.8
Feb	011.6	618.7	610.0	467.9
April	018.0	526.6	616.0	512.1
June	528.0	535.5	527.0	526.4

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
March	74.12	74.48	73.40	73.04
April	71.52	71.50	70.15	70.11
May	70.25	70.50	69.00	69.12
June	70.03	70.40	69.00	66.91
July	70.66	70.70	69.66	69.66
August	71.00	71.40	70.35	[illegible]
Sept	71.80	82.00	72.00	70.85
Oct	72.50	72.00	71.70	71.70
Nov	73.25	73.76	73.00	72.55
Dec	74.05	74.75	73.75	73.40

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
March	110.75	112.75	110.40	111.95
May	110.75	112.50	110.15	111.75
July	110.80	112.50	110.30	111.90
Sept	110.70	112.50	110.00	111.50
Nov	109.20	111.00	109.00	110.50
Jan	108.60	109.55	107.75	108.55
March	100.75	110.40	108.20	110.40
May	108.95	—	—	110.60
July	100.50	—	—	110.50

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
March	443.3	—	—	436.1
April	446.3	455.5	443.5	439.1
July	451.3	461.5	449.5	443.6
Oct	458.3	468.0	457.0	450.0
Jan	465.5	476.0	469.0	458.1
April	473.3	485.6	475.0	496.6

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	1338.2	1384.2	1330.0	1356.0
April	1350.0	1393.9	1355.9	1367.5
May	1362.0	1407.0	1357.0	1380.0
July	1384.8	1433.0	1382.9	1404.2
Sept	1407.6	1452.0	1408.0	1428.5
Dec	1441.6	1486.0	1449.0	1465.0
Jan	1453.0	1497.0	1460.0	1477.0
March	1476.0	1524.0	1485.0	1501.0
May	1498.6	1545.0	1490.0	1525.0
July	1521.4	1575.0	1530.0	1549.0

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
March	6.55	0.63	6.50	5.40
May	5.69	2.78	5.67	2.58
July	6.99	7.11	2.98	6.91
Sept	7.39	7.47	7.39	7.34
Oct	7.61	7.72	7.66	7.58
March	2.67	2.77	2.67	2.66
May	0.94	0.00	0.92	2.92
July	2.15	2.30	2.25	0.15

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	65.80	66.00	65.27	65.66
June	66.07	66.47	65.75	66.12
Aug	64.32	64.75	64.20	64.66
Oct	62.02	62.30	61.85	62.30
Dec	62.80	63.22	62.80	63.02

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
April	51.85	53.40	51.85	63.17
June	64.16	55.80	54.10	55.35
July	54.55	55.50	54.45	55.27
August	52.85	53.75	52.50	53.30
Oct	49.20	49.50	48.15	49.37
Dec	47.50	48.50	47.50	48.20
Feb	48.25	48.66	48.25	48.25
April	48.30	47.00	46.30	47.00

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
March	279.4	280.4	278.0	277.4
May	290.0	292.0	289.0	288.0
July	297.2	299.6	296.4	295.6
Sept	293.0	296.0	292.6	291.4
Dec	289.5	292.4	289.2	289.0
March	298.5	301.4	297.2	296.0
May	305.0	307.4	306.0	303.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
March	75.82	78.20	75.82	71.82
May	75.71	70.30	75.77	71.71
July	75.47	77.50	75.47	77.47
August	75.35	75.70	73.22	75.22
Feb	63.40	65.85	63.40	65.30
March	62.35	64.90	62.35	64.20
May	63.65	64.70	63.65	66.66
July	64.45	64.45	64.45	66.25

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	581.0	590.0	580.4	585.0
May	596.5	605.4	594.4	601.4
July	610.6	620.0	010.4	015.0
Aug	615.0	623.0	616.0	518.0
Sept	810.0	825.0	612.0	620.0
Nov	627.6	835.4	627.0	629.4
Jan	640.0	645.4	640.0	641.4
March	653.0	660.0	653.0	655.0
May	665.0	670.0	665.9	667.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
March	173.0	176.0	173.7	175.0
May	175.8	180.7	178.7	179.0
July	183.0	185.0	182.8	183.8
Aug	185.0	185.4	185.0	185.1
Sept	186.0	189.2	186.0	186.5
Oct	187.4	189.5	187.3	107.7
Dec	192.0	193.5	192.0	191.5
Jan	194.7	195.9	194.0	193.5
March	198.3	199.4	198.0	198.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
March	18.66	71.26	16.65	71.17
May	17.00	17.70	17.00	17.61
July	17.43	16.07	17.40	17.97
August	17.85	10.20	17.55	18.13
Sept	71.70	18.35	17.70	18.25
Oct	17.85	18.50	17.85	10.41
Dec	18.07	18.74	18.00	16.61
Jan	10.20	18.80	18.20	18.75
March	18.55	18.20	10.55	10.00

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	327.4	335.0	327.0	331.6
May	340.6	347.2	340.0	343.5
July	350.6	357.2	350.0	352.4
Sept	360.4	367.0	360.4	365.0
Dec	376.4	382.4	376.4	379.0
March	389.0	393.4	389.0	392.0

SPOT PRICES—Chicago loose lard 17.50-17.75 cents per pound. Handy and Harman bullion silver 1370.00 (1342.00) cents per troy ounce. New York tin 605.00-617.00 (602.00-612.00) cents per pound.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported produce: Mandarines—Spania: 4.40-5.00. Karas—Spania: 4.80-5.50. Wilkings—Spania: 4.60-6.20. Satsumas—Spania: 10-kg 4.50-5.50. Minneolas—Jaffa: 4.80-6.50 according to size. Temples—Jaffa: 4.50-0.20. Oranges—Spania: Navels 4.50-5.50; Jaffa: Shamouti 40 5.10, 50 6.40, 66 5.85, 75 0.05, 88 6.15, 105 5.88, 123 5.85, 144 5.70, 168 5.50;

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
100⅝	92⅞	Treasury 9¼pc '83..	99⅝	+¼	9.28	10.24
104⅝	96⅞	Exch. 13½pc '83..	101⅞		13.25	10.69
101¼	91⅞	Exch. 10pc 1983......	99⅝	+¼	10.04	10.42
98¼	87⅜	Funding 5½pc '82-84‡‡	97¼	+⅛	5.66	0.91
103¾	91⅞	Exch. 11¼pc 1984....	100¾	+⅛	11.17	10.42
107¼	96¼	Exchequer 14pc 1984..	103½	+⅛	13.53	10.87
94½	81¼	Exch. 3pc 1984.........	94⅝	...	3.10	7.57
105¼	91½	Treasury 12pc 1984..	102xd	+⅛	12.76	10.60
112	96¼	Treasury 15pc 1981 .	106⅞	+¼	14.03	11.02
112¾	103¼	Exch. 12pc Cnv. '85 .	103½xd	+¼	11.59	18.08
91¾	73½	Treasury 3pc 1985 ...	90⅝	+⅛	3.31	7.64
105½	87½	Treasury 11½pc 1985 .	101⅞	+¼	11.37	10.95
102	95½	Treas 8¾pcCnv '85 ...	97⅝	+⅛	8.96	9.00
107⅝	88⅝	Exch 12¾pc 1981....	102¾	+¼	11.99	11.26
106⅝	86⅛	Exch. 11¾pc '86.. ...	101¼xd	+⅝	11.60	11.20
89½	69	Treasury 3pc 1986 ...	87¾	..	1.43	7.48
107¼	86¾	Treasury 12pc '86 ...	102	+⅛	13.76	11.25
100	80¼	Treasury 8½pc '84-86‡‡.	96⅛	+⅛	8.84	9.88
116¼	96⅞	Treas 12¼pc '86 Cnv	106¾	+½	11.47	9.85
114	91⅞	Exch 14pc 1986 ...	107½	+⅝	12.02	11.42
112	90	Exch. 13¼pc 1987 ..	105¾	+⅞	12.52	11.34
84	83⅞	Exchequer 2½pc 1987	84	+⅛	2.98	7.17
103½	95⅝	Exch 10½pc 1987 .	97⅞	+⅝	18.78	11.30
30⅞	29⅛	Ex 10½pc '87A (£30pd).	29⅞	+⅞	10.73	11.14
93¼	73⅞	Funding 6½pc '85-87‡‡	90¼		7.16	9.21
85¼	64½	Treasury 3pc 1987 .	84	+⅛	3.57	7.34
109	85⅝	Treas. 12pc 1987.....	102¼	+⅞	11.74	11.34
98	72½	Treasury 7¾pc '85-88‡‡.	91		8.52	10.11

Five to Fifteen Years

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102¼	95½	Exch 10½pc '88 ...	99¼	+⅛	10.87	11.37
81	60¼	Transport 3pc '78-88	80	+⅛	1.77	7.74
99	91	Treas. 9½pc '88	95	+¼	18.24	11.24
107⅞	79⅞	Treasury 11½pc 1989...	99	+¼	11.63	11.76
85⅝	62½	Treasury 5pc '86-89..	80⅝	+¼	6.34	9.35
117¼	85⅞	Treasury 13pc 1990‡‡.	106⅝	+¼	12.36	11.87
112	85½	Exch. 12½pc 1990....	102½xd	+¼	11.14	11.87
98⅛	70⅛	Treasury 8¼pc '87-90‡‡	88⅝	+¼	9.48	10.87
110¼	77⅞	Treasury 11¾pc 1991	100⅝	+¼	11.85	11.91
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Index-Linked & Variable Rate

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS. GOVT. STERLING ISSUES

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH AND AFRICAN LOANS

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
98⅞	85¼	Aust. 6pc 1981-83...	97¼	-⅛	6.26	11.69
83¼	57	N Z 7¼pc 1988-92 .	74¼	-¼	9.90	12.10
93⅞	74¼	Do 7½pc '83-86	90⅞	+⅛	8.46	11.69
163	136	S Rhod. 2½pc Non-Ass	163	+3	—	—
80	58	Do 3½pc 80-85 Assd	76xd	+1	4.61	15.40
55	32	Do 4½pc 87-92 Assd.	46	-1	9.84	16.20
402	318	Zimbabwe Ann (£100pd)	370		—	19.29

LOANS

Public Board and Ind.

1982/83 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
77½	57¼	Agric. Mt. 5pc '59-89	74½	...	6.77	10.80
38	24¼	Met. Wtr. 3pc 'B'	31¼xd	+½	9.43	12.12

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

1982/83 High	Low	Stock	Price	+ or -	Div. Gross	C'vr	Yld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
53¼	25½	Seagram Co. C$1	52xd	+⅝	US$2.04	—	2.4
23½	994p	Tor. Dom. Bk. $1.	22½	..	$2.00	—	4.1
14½	743p	♦Trans Can Pipe .	14	-⅛	$1.28	—	4.7

BANKS & HIRE PURCHASE

1982/83 High	Low	Stock	Price	+ or -	Div. Net	C'vr	Yld Gr's	P/E
282	182	ANZ $A1	206	-2	Q28c	3.1	8.6	3.7
315	205	Alexanders D. £1	275xd	...	20.0	—	10.4	—
£79	£48	Algemene Fl.100	£79	...	vQ26%	1.8	7.9	7.0
102	75	Allied Irish... ...	102	...	Q45.3%	4.0	9.6	3.5
164	85	Arbuthnot IR.150p	87	+2	3.5	—	5.7	—
275	200	Bk. Ireland £1...	270	..	t029.4%	—	9.4	—
3½	2	Bank Leumi......	2½	..	—	—	—	—
*227	150	Bk.Leumi (UK)£1.	150	...	10.15	—	10.1	—

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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INDUSTRIALS—Continued

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
64	15½	Inter-City 20p	42½	+½	—	—	—	—
197	158	Interop Tec 5p 20p	174	–2	u4.0	1.8	3.3	24.2
210	145	Jackson Bourne	165	–15	5.0	3.1	4.3	10.7
32	19	James Inds. 10p	21		1.25	1.9	8.5	8.8
180	105	Jardine M HK$5	154	+5	†092c	2.3	5.8	7.5
•48	13	Jenks & Cattell	28		21.8	—	5.7	—
308	107	Johnson Clears	306	+2	♦17.7	2.3	3.6	17.8
340	227	Johnson Mthy. £1	381	+3	18.0	3.9	4.7	(13.2)
274	98	Johnston Grp. 10p	274	.....	4.0	6.2	2.1	10.9
92	64	Jourdan (T.) 20p	92	.....	5.25	0.6	8.2	(32.1)
48	35	Kalamazoo 10p	42	.....	2.5	0.9	8.8	18.1
212	135	Kelsey Inds.	210	.....	8.0	1.7	5.4	34.5
310	110	Kershaw (A.) 5p	125xd	+5	15.0	♦	17.1	♦
55	36	Kleen-E-Ze Hldgs.	54	.....	t3.8	0.2	7.9	—
•66½	42½	L.C.P. Hlds	57	.....	3.6	0.6	9.0	(33.1)
110	39½	L.R.C. Int. 10p	106xd	.....	t3.3	2.0	4.2	17.9
46	27	Lawtex	27	.....	—	—	—	—
440	277	Lep Group 10p	410	.....	37.5	1.7	6.1	(12.0)
37	22	Lilleshall 10p	22	.....	32.5	—	‡	—
700	99	Lon. & Liv. 10p	498	–32	†2.45	2.4	0.8	66.7
116	78	London & Mid'd	115	.....	7.13	1.1	9.6	(13.0)
62½	36	Lon. & Nthn. Grp.	61	.....	†3.75	2.1	8.8	6.5
43	23	♥Lon. Priv. Health	39	–1	—	—	—	19.5
10	3½	Long Hmbly. 10p	7½	.....	8—	—	—	—
65	36	Longton Inds.	55	–1	1.0	—	2.6	—
195	55	Low & Bonar 50p	86	.....	†7.8	0.6	11.6	(29.1)
27½	14	M.Y. Dart 10p	22½	.....	‡‡1.21	—	‡	—
242	105	McC'rdy Ph. 20p	165xd	.....	7.0	2.5	6.1	8.2
140	48	Macfarlane Gp.	139	.....	†h3.2	2.5	3.3	15.8
49	28	Maclellan 20p	46	.....	d1.43	1.4	4.4	(28.2)
86	40	Macpherson (D.)	58xd	+3	4.2	♦	10.3	♦
62	41	Magnolia Group	44	.....	2.3	3.9	7.5	4.5
135	57	Man. Ship Can. £1	132	–3	3.5	—	3.9	—
59	35	Marley	57	.....	2.5	♦	6.4	♦
51	29	Marling Ind. 10p	37	.....	1.06	6.7	4.2	3.8
49	25	Marshall L'xry 'A'	25	.....	2.8	1.9	16.0	(4.8)
88	48	Marshall's Univ	48	.....	8.1	—	0.3	—
37	21½	Martin-Black	24	+½	—	—	—	—
£143	£97	♥Matheson 7¾%	£123	.....	Q7¾%	2.3	6.4	—
390	132	Metal Box £1	168	+2	11.55	1.2	9.8	(10.6)

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

PROPERTY

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TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
300	75	Falcon Rh.50c	300	.....	Q25c	10.3	5.8
33	18	Wankie Col. Z$1	20	.....	†Q3c	1.2	18.2
28	12	Zam.Cpr.SBD0.24	24	–1	—	—	—

Australians

1982/83 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	10	♥ACM 20c	39	–½	—	—	—
28	6	♥Argosy Gold NL 25c	7	+1	—	—	—
63	46	♥Black Hill Mins	53	–2	—	—	—
151	52	♥Bond Corp.	55	.....	gQ10c	2.3	12.4
154	58	♥Bougainville 1 Kina	344	+4	Q3.42c	♦	1.5
273	147	♥CRA 50c	251	+14	83c	—	0.8
154	10	♥Carr Boyd 20c	109	–1	—	—	—
56	21½	♥Central Pacific	23	–3	—	—	—
388	152	♥Crusader Oil	220		—	—	—
26	7	♥Cultus Pac NL	8		—	—	—
27	1	♥Eagle Corp 10c	10		—	—	—
23	8½	♥Endeavour 20c	11	–3	—	—	—
018	120	♥GM Kalgoorlie 25c	710		hQ10c	♦	0.9
244	134	Hampton Areas 10p	237	–5	†3.0	2.8	2.0
32	10	♥Haoma NW.	20		—	—	—
94	28	♥Hill Minerals N L	74	+4	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar drifts but pound steadier

The dollar drifted down in fairly calm foreign exchange trading, as the market awaited further news about oil prices. In late trading the decline of the U.S. currency tended to gather pace following comments by Mr Paul Volcker, chairman of the Federal Reserve Board, about the high level of bank consumer loan rates.

Sterling improved against the weaker dollar, but lost ground to Continental currencies. There was no adverse reaction to news of a January UK trade deficit.

DOLLAR — Trade-weighted index (Bank of England) 119.4 against 119.3 six months ago. The dollar is showing renewed strength as a safe haven for funds during a period of extreme uncertainty about the effects of falling oil prices on other currencies. U.S. interest rates have not fallen as sharply as once expected, partly because of the high level of Federal funding. These factors are tending to outweigh the present trade position and large U.S. balance of payments deficit.

The dollar fell to DM 2.4075 from DM 2.4190 against the D-mark; to FFr 6.83 from FFr 6.86 against the French franc; to SwFr 2.0235 from SwFr 2.0340 in terms of the Swiss franc; and to Y234 from Y234.90 against the Japanese yen.

STERLING — Trading range against the dollar in 1982-83 is 1.9265 to 1.5150. January average 1.5735. Trade-weighted index 80.2 against 80.1 at noon, 80.3 at the opening, 80.1 at the previous close, and 91.8 six months ago. Sterling has renewed its recent decline and is still very weak and vulnerable. Uncertainty about the level of world oil prices, despite the recent cut of $2 a barrel in North Sea values is the major factor. Falling inflation, a decreasing budget deficit, and generally good trade figures until yesterday, have been ignored.

Sterling opened at $1.5240-1.5250, and fell to a low of $1.5190-1.5200 in the morning, before climbing to $1.5310-1.5320 in the afternoon as the dollar weakened generally. It closed at $1.5270-1.5280, a rise of 45 points on the day. The pound was unchanged at Y356, but fell to DM 3.68 from DM 3.6875; to FFr 10.43 from FFr 10.4450; and to SwFr 3.0925 from SwFr 3.10.

D-MARK — Trading range against the dollar in 1982-83 is 2.4940 to 2.2410. January average 2.3900. Trade-weighted index 128.8 against 125.7 six months ago. The D-mark has been unsettled during the run up to the March general election. Favourable trade figures and little hope of a cut in interest rates before March have helped to underpin the currency, however, although there are now signs of a move back into the dollar which is depressing European currencies in general.

The D-mark was firm at the Frankfurt fixing, with the dollar falling to DM 2.4147 from DM 2.4236. The Bundesbank did not intervene. The fixing was described as rather hectic as the dollar came under pressure but showed strong resistance around the DM 2.4120 level. Among EMS members the weak Belgian franc fell to DM 5.0760 per 100 francs from DM 5.0770, compared with a lower intervention point of DM 5.0740. Sterling rose to DM 3.6770 from DM 3.6750.

JAPANESE YEN — Trading range against the dollar in 1982-83 is 277.35 to 219.00. January average 249.27. Trade-weighted index 146.1 against 133.1 six months ago. The yen is fairly stable against the dollar, after improving recently on the attraction of Japanese capital and equity markets. High foreign interest rates had previously led to an outflow of funds.

The yen showed little change in quiet Tokyo trading. The dollar eased to Y235.00 from Y235.10, after opening at Y234.50. The thinness of the market reflected reluctance to trade until Opec takes a decision on oil prices, but the dollar rose slowly throughout, reflecting import settlement needs near the month end.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0457	+0.17	+1.68	±1.5501
Danish Krone	8.23400	8.10017	−1.26	+0.25	±1.6430
German D-Mark	2.33379	2.28562	−2.06	−0.55	±1.0888
French Franc	6.61387	6.47908	−2.04	−0.53	±1.3940
Dutch Guilder	2.57971	2.52725	−2.03	−0.52	±1.5004
Irish Punt	0.691011	0.688747	−0.10	+1.32	±1.6691
Italian Lira	1350.27	1319.17	−2.30	−1.37	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Feb. 24	£	$		Note Rates
Argentina Peso	90,689-90,660	59,520-59,570	Austria	25.80-26.10
Australia Dollar	1.5810-1.5830	1.0350-1.0400	Belgium	79.15-80.15
Brazil Cruzeiro	579.50-580.50	379.54-381.44	Denmark	13.05-13.18
Finland Markka	8.1900-8.2140	5.3750-5.3700	France	10.35-10.48
Greek Drachma	120.083-128.562	83.00-83.50	Germany	3.60¼-3.70¼
Hong Kong Dollar	10.08¾-10.10¼	6.6025-6.6075	Italy	2100-2145
Iran Rial	188.10*	84.50*	Japan	357-362
Kuwait Dinar (KD)	0.445-0.446	0.2913-0.2914	Netherlands	4.05-4.08
Luxembourg Fr.	72.40-72.50	47.40-47.42	Norway	10.84-10.94
Malaysia Dollar	3.4675-3.4775	2.2700-2.2725	Portugal	108-150
New Zealand Dlr.	2.1195-2.1260	1.3895-1.3915	Spain	190-205¼
Saudi Arab. Riyal	5.2560-5.2625	3.4400-3.4415	Sweden	11.28-11.38
Singapore Dollar	3.1550-3.1650	2.0655-2.0675	Switzerland	3.08½-3.11½
Sth. African Rand	1.6470-1.6490	1.0785-1.0795	United States	1.51¼-1.53¼
U.A.E. Dirham	5.6105-5.6170	3.6720-3.6735	Yugoslavia	120-130

*Selling rates

CURRENCY MOVEMENTS

Feb. 24	Bank of England Index	Morgan Guaranty Changes %
Sterling	80.2	−39.7
U.S. dollar	119.4	+10.3
Canadian dollar	90.0	−17.3
Austrian schilling	[illegible]	[illegible]
Belgian franc	94.1	−2.2
Danish kroner	83.0	−10.8
Deutsche mark	128.8	+50.5
Swiss franc	150.1	+105.0
Guilder	118.2	+27.8
French franc	74.4	−18.8
Lira	53.2	−58.5
Yen	140.1	+39.5

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.710710	0.621521
U.S. $	8½	1.09100	0.945644
Canadian $	9.44	[illegible]	[illegible]
Austria Sch.	4¾	18.1196	16.0570
Belgian F	11½	52.0053	45.0457
Danish Kr	10	9.32846	8.10017
D mark	5	2.63596	2.28562
Guilder	4½	2.91684	2.52725
French F	9½	7.48094	6.47908
Lira	18	1528.01	1319.17
Yen	5½	250.424	218.510
Norwgn Kr	9	7.79096	6.75190
Spanish Pta	—	142.105	123.170
Swedish Kr	9	8.11518	7.02830
Swiss Fr	4½	2.22059	1.92911
Greek Dr'ch	20½	91.0747	78.9284

* CS/SDR rate for Feb 23: 1.33994.

THE POUND SPOT AND FORWARD

Feb 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5190-1.5320	1.5270-1.5280	0.32-0.27c pm	2.32	0.87-0.82 pm	2.21
Canada	1.8660-1.8800	1.8745-1.8755	0.28-0.18c pm	1.47	0.82-0.72 pm	1.64
Nethlnd.	4.05⅝-4.08½	4.06½-4.07½	2¼-2c pm	0.63	0⅞-6¼ pm	0.51
Belgium	72.30-72.70	72.40-72.50	0.18c dis	−2.15	48-58 dis	−2.93
Denmark	13.06-13.12	13.10-13.11	4¼-6ore dis	−4.92	18¼-19½dis	−5.78
Ireland	1.1060-1.1140	1.1085-1.1105	0.25-0.37p dis	−3.35	0.89-1.11dis	−3.90
W. Ger.	3.67-3.69½	3.67½-3.68½	2-1½pf pm	5.71	5¾-5¼ pm	5.84
Portugal	139.75-142.75	140.75-142.75	560-1560c dis	−88.89	760-2295dis	−43.10
Spain	198.00-199.20	198.80-198.10	140-195c dis	−10.10	435-525 dis	−9.65
Italy	2,120-2,130	2,124-2,126	13-17 lire dis	−0.47	52½-57½dis	−10.35
Norway	10.85-10.91	10.88-10.80	1-2ore dis	−1.65	5⅞-7 dis	−2.36
France	10.41-10.46	10.42½-10.43½	8¼-10¼c dis	−10.64	29¼-31¼dis	−11.80
Sweden	11.28-11.36	11.33-11.34	¼ore pm-⅛ dis	−0.20	¼ pm-½ dis	−0.03
Japan	356-360	357½-358½	1.50-1.30y pm	4.69	4.20-4.00 pm	4.58
Austria	25.80-25.95	25.88-25.93	12¼-10¾gro pm	5.44	36¾-31¾ pm	5.27
Switz.	3.08½-3.11½	3.08¾-3.09¾	2¾-1⅞c pm	8.24	6¾-6¼ pm	8.24

Belgian rate is for convertible francs. Financial franc 76.00-76.10. Six-month forward dollar 1.42-1.37c pm, 12-month 1.80-1.65c pm.

THE DOLLAR SPOT AND FORWARD

Feb 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5190-1.5320	1.5270-1.5280	0.32-0.27c pm	2.32	0.87-0.82 pm	2.21
Ireland†	1.3695-1.3775	1.3760-1.3775	0.68-0.58c pm	0.52	1.90-1.70 pm	5.25
Canada	1.2260-1.2290	1.2260-1.2270	0.07-0.10c dis	−0.83	0.16-0.19dis	−0.57
Nethlnd.	2.6615-2.6800	2.6615-2.6635	0.89-0.82c pm	3.85	2.91-2.74 pm	4.10
Belgium	47.40-47.60	47.40-47.42	18-20c dis	−4.91	60-64 dis	−5.23
Denmark	8.5725-8.5925	8.5800-8.5850	3⅞-4⅛ore dis	−5.25	10.60-11.60d	−5.10
W. Ger.	2.4025-2.4190	2.4070-2.4080	0.73-0.68pf pm	3.51	2.28-2.23 pm	3.75
Portugal	91.50-93.25	92.20-93.20	360-850c dis	−77.87	550-1550dis	−45.29
Spain	130.05-130.50	130.15-130.25	120-170c dis	−13.35	365-415dis	−11.97
Italy	1,390½-1,396	1,390¾-1,391¼	14-10 lire dis	−12.49	44-46 dis	−12.82
Norway	7.1240-7.1400	7.1300-7.1350	1.90-2.90ore dis	−4.03	7.60-8.60dis	−4.54
France	6.8150-6.8575	6.8275-6.8325	6½-7c dis	−11.87	22½-23½dis	−13.48
Sweden	7.4070-7.4280	7.4200-7.4250	1.30-1.80ore dis	−2.51	3.75-4.25dis	−2.10
Japan	233.75-235.36	233.95-234.05	0.45-0.40y pm	2.18	1.43-1.35 pm	2.38
Austria	16.90-16.98	16.90-16.91	4¾-4gro pm	3.10	14½-12 pm	3.13
Switz.	2.0160-2.0430	2.0230-2.0240	1.00-0.95c pm	0.78	2.95-2.90 pm	6.78

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 49.75-49.85.

EXCHANGE CROSS RATES

Feb. 24	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.528	3.680	356.0	10.43	3.093	4.070	2120.	1.875	73.45
U.S. Dollar	0.655	1.	2.409	233.0	6.828	2.025	2.664	1388.	1.227	47.48
Deutschemark	0.272	0.415	1.	96.73	2.834	0.840	1.106	577.4	0.510	19.96
Japanese Yen 1,000	2.793	4.267	10.26	1000.	29.13	8.688	11.37	5956.	5.237	202.4
French Franc 10	0.959	1.465	3.528	343.2	10.	2.965	3.902	2037.	1.798	69.46
Swiss Franc	0.323	0.494	1.190	115.8	3.373	1.	1.316	687.1	0.606	23.40
Dutch Guilder	0.246	0.370	0.904	87.49	2.563	0.760	1.	522.1	0.461	17.80
Italian Lira 1,000	0.471	0.719	1.732	168.0	4.908	1.456	1.915	1000.	0.882	34.09
Canadian Dollar	0.533	0.815	1.963	190.9	5.563	1.642	2.171	1133.	1.	38.64
Belgian Franc 100	1.360	2.106	5.079	494.1	14.40	4.266	5.616	2933.	2.588	100.

MONEY MARKETS

London maintains easier tone

UK clearing bank base lending rate 11 per cent (since January 12 and 13)

Interest rates maintained Wednesday afternoon's easier tone in very subdued interbank trading. Three-month money declined to 11½-11⅜ per cent from 11½-11⅝ per cent. Overnight funds opened at 11⅜-11½ per cent, and fell to a low of 10⅛-10⅜ per cent, before rising steadily to a peak of 12 per cent, but easing to 11 per cent at the close.

Sterling's steadier performance on the foreign exchanges helped to keep the money market fairly calm.

The Bank of England forecast a day-to-day credit shortage of about £400m. Exchequer transactions added £40m to liquidity, but this was outweighed by bills maturing in official hands, and a take-up of Treasury bills by the market, which drained £519m.

The Bank of England provided total assistance of £373m, through outright purchases of bills from the market.

Before lunch the authorities bought £42m bank bills in band 1 up to 14 days maturity at 11 per cent in band 2 (15-33 days) at 11 per cent.

In the afternoon the Bank of England purchased another £49m bank bills in band 2 at 11 per cent.

In Frankfurt overnight money was slightly firmer at 5.50 per cent, compared with 5.45 per cent. Fixed periods were generally steady, but one-month rose to 5.55 per cent from 5.475 per cent.

In Amsterdam the official Dutch call money rate was raised to 4½ per cent from 3 per cent as Fl 3.33bn of 6 per cent special advances expired. Call money on the open market rose to 4½-5 per cent from 2½-3½ per cent. The official rate was cut from 4½ per cent on Wednesday reflecting excess liquidity, but yesterday's return to the former level was generally expected. No further special advances are anticipated.

In Paris the Bank of France bought FFr 10bn of Treasury bills at an unchanged 12⅛ per cent. The bill purchase rate is normally ⅜ per cent below the central bank intervention level, and this therefore conforms with the present money market intervention rate of 12½ per cent.

LONDON MONEY RATES

Feb. 24 1983	Sterling Certificate of Deposit	Interbank	Local Authority Deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10½-12	—	—	—	11¼-11½	11-11¼	—	—	—
2 days notice	—	—	11¼-11⅜	—	—	—	—	—	—	—
7 days or ...	—	—	—	—	—	11⅜	—	—	—	—
7 days notice	—	11⅜-11⅝	11¼-11⅜	—	—	11⅜	11	—	—	—
One month	11½-11⅜	11⅜-11⅝	11⅛	12-11¾	11⅝	11⅜	11	11-11⅛	11⅛	11½
Two months	11⅝-11⅜	11⅝-11⅜	11⅜	12-11¾	11⅝	11¼	11	11-11⅛	11	11⅝
Three months	11⅜-11¼	11⅜-11⅝	11⅜	11⅝-11⅛	11⅜	—	10⅞	10⅞-11	11	11⅝
Six months	11-10⅞	11⅛-11⅛	11½	11⅛-10⅞	11¼	—	—	—	10½	11⅛
Nine months	10⅞-10⅞	11⅛-11⅛	—	11⅛-10⅞	11⅛	—	—	—	—	—
One year	10⅞-10⅞	10⅞-11⅛	11	11-10⅝	10⅞	—	—	—	—	—
Two years	—	—	11⅛	—	—	—	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period January 5 to February 1 1983 (inclusive) 11.227 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11⅛ per cent; four years 11½ per cent; five years 11⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rate for four month bank bills 10⅞ per cent; four month trade bills 11½ per cent.

Approximate selling rate for one month Treasury bills 10²⁹⁄₃₂-11 per cent; two months 10²⁹⁄₃₂ per cent and three months 10²⁹⁄₃₂ per cent. Approximate selling rate for one month bank bills 11⅓₂ per cent; two months 10³¹⁄₃₂ per cent and three months 10²⁹⁄₃₂ per cent; trade bills 11⅝ per cent, two months 11⅝ per cent and three months 11⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 11 per cent from February 1, 1983. London and Scottish Clearing Bank Rates for lending 11 per cent. London Deposit Rates for sums at seven days' notice 8 per cent.

Treasury Bills: Average tender rate of discount 10.63468 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 11½ per cent, one-three month 11⅞ per cent; three-six month 11⅛ per cent; six-12 month 11⅛ per cent. Under £100,000 11 per cent from February 23. Deposits held under Series 3-5 11¼ per cent. The rate for all deposits withdrawn for cash 8½ per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 24	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	11⅛-11⅜	11½-11⅝	11⅛-11⅜	11⅛-11⅜	11⅛-11⅜	10⅞-10⅞
U.S. Dollar	8½-8¾	8⅝-8⅞	8¾-9	8⅞-9⅛	9⅛-9⅜	9⅛-9⅜
Can. Dollar	8½-10½	9¾-10¾	9½-9¾	9⅜-9⅝	9⅛-9⅜	9⅞-10
D. Guilder	4⅝-4¾	4⅝-4¾	4⅝-4¾	4⅝-4¾	4⅝-4¾	5⅛-5⅜
S. Franc	2-3½	5½-5¾	3⅛-3⅜	3⅛-3⅜	3⅛-3⅜	3⅜-3⅝
Deutschm'rk	5⅜-5½	5⅜-5½	5⅜-5½	5⅜-5½	5½-5⅝	5⅝-5¾
Fr'nch Franc	12½-13	20-21	22½-23½	22-23	20¾-21½	18½-19
Italian Lira	10-17½	18¼-20¼	20¼-21¾	21⅛-22¾	21⅝-22⅛	21-22
Belg. Franc Conv.	11-12	12-13	12¾-13¾	10¼-18¾	13½-14½	12¾-13¼
Belg. Franc Fin.	11⅝-12	12-12¾	12⅛-12⅜	12⅛-12⅜	12¼-12½	12½-12½
Yen	5½-5¾	5⅜-5⅝	6⅛-6⅜	6⅛-6⅜	6⅛-6⅜	6⅜-6⅝
D. Krone	14½-15⅛	14⅝-15⅜	15¾-16¼	17-17½	16½-17	16½-17
Asia $ (Sing.)	8⅞-9	8⅝-8⅞	8¾-9	9-9⅛	9⅛-9⅜	9⅜-9½

FT LONDON INTERBANK FIXING

(11.00 a.m. FEBRUARY 24)

3 month U.S. dollars		6 months U.S. dollars	
bid 9 1/16	offer 9 5/16	bid 9 5/16	offer 9 7/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	8⅛-8½
Treasury bills (13-week)	7.92
Treasury bills (26-week)	7.98

GERMANY

Lombard	6.0
Overnight rate	5.50
One month	5.55
Three months	5.675
Six months	5.65

FRANCE

Intervention rate	12.5
Overnight rate	12.875
One month	12.8125
Three months	12.9375
Six months	12.8125

JAPAN

Discount rate	5.5
Call (unconditional)	6.59375
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4½
Overnight rate	15-17
One month	3¼-3⅛
Three months	3¼-3⅛

NETHERLANDS

Discount rate	4½
Overnight rate	4⅜-5
One month	4⅝-4⅞
Three months	4⅝-4⅞
Six months	4⅞-5

$ CERTIFICATES OF DEPOSIT

One month	8.55-8.65
Three months	8.60-8.70
Six months	8.75-8.85
One year	9.10-9.30

LONG TERM EURO $

Two years	10½-10⅝
Three years	11-11⅛
Four years	11⅜-11⅝
Five years	11⅝-11⅞

SDR LINKED DEPOSITS

One month	9⅛-9⅜
Three months	9½-9⅞
Six months	9⅞-9⅝
One year	9⅛-9⅝

ECU LINKED DEPOSITS

One month	10⅞-11⅛
Three months	11½-11⅞
Six months	11⅝-11⅞
One year	10⅞-11⅛

FINANCIAL FUTURES

Depressed trading

Trading was rather depressed on the London International Financial Futures Exchange yesterday, with traders suggesting that nervousness about the oil price situation is tending to restrict market volume.

An early report from Japan that Iran may undercut any general lowering of Opec prices increased the uncertainty, but dealers seemed pleased that the recent support levels for sterling were not breached.

The three-month Eurodollar contract opened easier, with March at 91.05 and June at 90.76, but these were around the lowest levels to be touched during the day. Hopes that an improving U.S. economy may not mean firmer interest rates pushed prices steadily higher, with both dates closing near the day's highs at 91.12 and 90.84, to show slight gains of 1 and 2 points respectively on the day.

There seemed to be a general reluctance to get involved in long gilt trading, partly reflecting the fact that sellers of the March contract have the option of delivery from today. The March price opened ⅜ higher at 101-08, and touched a high point of 101-20, before closing at 101-18, a gain of ⅜ from Wednesday's close.

The short-sterling interest rate contract was also quite firm, continuing the previous day's trend. Sterling's relative stability on the foreign exchanges, particularly after the announcement of a UK trade deficit in January, encouraged sentiment. June opened 9 basis points higher at 89.58, and closed 15 points up on the day at 89.64, after touching a peak of 89.66. Market sources suggested that the present structure is underpinned by indications that London interest rates will not rise, despite the pound's current weakness.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	91.12	91.14	91.04	91.11
June	90.84	90.86	90.75	90.86
Sept	90.55	90.56	90.46	90.56
Dec	90.32	90.32	90.23	90.30
March	89.89	—	—	89.99

Volume 590 (1,421)
Previous day's open int. 2,889 (2,614)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
March	89.86	89.88	89.80	89.82
June	89.64	89.66	89.58	89.49
Sept	89.36	89.36	89.30	89.22
Dec	89.00	89.00	88.95	88.82

Volume 843 (1,773)
Previous day's open int. 2,547 (2,555)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	101-18	101-20	101-01	100-31
June	101-00	101-11	100-24	100-23
Sept	100-28	100-23	100-17	100-08

Volume 1,280 (1,735)
Previous day's open int. 2,577 (2,559)
Basis quote (clean cash price of 13¼% Treasury 1998 less equivalent price of near futures contract) 2 to 10 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.5226	1.5265	1.5180	1.5160
June	1.5155	1.5190	1.5110	1.5078
Sept	1.5072	—	—	1.4995

Volume 210 (304)
Previous day's open int. 903 (893)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.4150	0.4150	0.4140	0.4123
June	0.4190	0.4191	0.4179	0.4158
Sept	0.4221	0.4226	0.4226	0.4201

Volume 164 (70)
Previous day's open int. 245 (217)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.4929	0.4935	0.4921	0.4904
June	0.5005	0.5010	0.4995	0.4975
Sept	0.5089	—	—	0.5059

Volume 12 (168)
Previous day's open int. 334 (351)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4268	0.4270	0.4258	0.4257
June	0.4290	0.4292	0.4273	0.4283
Sept	0.4294	—	—	0.4306

Volume 85 (75)
Previous day's open int. 339 (337)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	76-20	76-29	76-09	76-08
June	75-27	76-04	75-19	75-19
Sept	75-06	75-10	75-00	74-31
Dec	74-23	74-29	74-17	74-10
March	74-11	74-14	74-06	74-03
June	74-02	74-02	73-28	73-28
Sept	73-27	73-27	73-22	73-17
Dec	73-20	73-20	73-20	73-10
March	73-12	73-12	73-12	73-04
June	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	92.18	92.22	92.11	92.09
June	92.10	92.18	92.11	91.98
Sept	91.87	91.92	91.87	91.70
Dec	91.54	91.57	91.51	91.31
March	91.26	91.30	91.18	91.10
June	90.96	91.00	90.94	90.80
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	90.27	90.28	90.25	90.10

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.86	90.90	90.78	90.79
June	90.57	90.60	90.50	90.52
Sept	90.35	90.35	90.26	90.22
Dec	90.00	90.00	90.00	89.94

STERLING (IMM) Se per £

	Latest	High	Low	Prev
March	1.5215	1.5300	1.5175	1.5195
June	1.5130	1.5210	1.5095	1.5110
Sept	1.5115	1.5160	1.5060	1.5045
Dec	1.5145	1.5145	1.5045	1.5020
March	1.5080	1.5100	1.5080	1.5000

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-18	70-22	70-10	70-09
June	69-20	69-26	69-14	69-13
Sept	69-01	69-01	68-24	68-19
Dec	68-10	68-10	68-04	67-30
March	67-25	67-25	67-19	67-13
June	67-09	67-13	67-09	67-02
Sept	67-00	67-00	66-30	66-24
Dec	—	—	—	66-15
March	—	—	—	66-09
June	—	—	—	66-03

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday February 23 1983. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.00
Albania	Lek	7.0957
Algeria	Dinar	4.847
Andorra	Fr. Franc	6.8785
	Sp. Peseta	129.45
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	Peso	57000.
Australia	Austral. Dollar	1.0392
Austria	Schilling	17.0875
Azores	Port. Escudo	92.25
Bahamas	Dollar	1.00
Bahrain	Dinar	0.377
Balearic Isles	Sp. Peseta	129.40
Bangladesh	Taka	24.10
Barbados	Barbados $	2.0113
Belgium	Franc (C)	47.70
	Franc (F)	49.77
Belize	Dollar	2.00
Benin	C.F.A. Franc	340.025
Bermuda	Dollar	1.00
Bhutan	Indian Rupee	9.83
Bolivia	Peso	[illegible]
Botswana	Pula	1.0774
Brazil	Cruzeiro	380.49
Brunei	Dollar	2.070
Bulgaria	Lev	0.960
Burma	Kyat	7.760
Burundi	Franc	92.50
Cameroon	C.F.A. Franc	340.025
Canada	Dollar	1.220
Canary Islands	Sp. Peseta	129.40
Cape Verde Is.	Escudo	82.36
Cayman Islands	Dollar	0.835
Cen. Afr. Rep.	C.F.A. Franc	340.025
Chad	C.F.A. Franc	340.025
Chile	Peso	[illegible]
China	Renminbi Yuan	1.9887
Colombia	Peso	72.80
Comoros	C.F.A. Franc	340.025
Congo (Brazzaville)	C.F.A. Franc	340.025
Costa Rica	Colon (O)	[illegible]
	Colon (C)	[illegible]
Cuba	Peso	[illegible]
Cyprus	Pound	[illegible]
Czechoslovakia	Koruna (O)	6.10
Denmark	Krone	8.600
Djibouti Rep. of	Fr.	177.721
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
Ecuador	Sucre (O)	33.15
	Sucre (F)	71.30
Egypt	Pound (O)	[illegible]
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	[illegible]
Ethiopia	Birr (O)	[illegible]
Faeroe Islands	Dan. Krone	8.5175
Falkland Islands	Pound	[illegible]
Fiji Is.	Dollar	0.9611
Finland	Markka	[illegible]
France	Franc	6.8725
Fr. C'ty in Af.	C.F.A. Franc	340.025
Fr. Guiana	Local Franc	6.8725
Fr. Pacific Is.	C.F.P. Franc	123.911
Gabon	C.F.A. Franc	340.025
Gambia	Dalasi	2.6359
Germany (E)	Ostmark (O)	[illegible]
Germany (W)	Mark	2.4255
Ghana	Cedi	2.75
Gibraltar	Pound*	[illegible]
Greece	Drachma	[illegible]
Greenland	Dan. Krone	[illegible]
Grenada	E. Caribbean $	2.70
Guadeloupe	Franc	[illegible]
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea	Syli	[illegible]
Guinea Bissau	Peso	[illegible]
Guyana	Dollar	[illegible]
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	6.616
Hungary	Forint	[illegible]
Iceland	Krona	[illegible]
India	Rupee	[illegible]
Indonesia	Rupiah	[illegible]
Iran	Rial	[illegible]
Iraq	Dinar	[illegible]
Irish Rep.	Punt*	[illegible]
Israel	Shekel	[illegible]
Italy	Lira	[illegible]
Ivory Coast	C.F.A. Franc	[illegible]
Jamaica	Dollar (1)	[illegible]
Japan	Yen	[illegible]
Jordan	Dinar	[illegible]
Kampuchea	Riel	[illegible]
Kenya	Shilling	[illegible]
Kiribati	Aust. Dollar	[illegible]
Korea (Nth)	Won	[illegible]
Korea (Sth)	Won	[illegible]
Kuwait	Dinar	[illegible]
Lao P'ple D. Rep.	Kip	[illegible]
Lebanon	Pound	[illegible]
Lesotho	Loti	[illegible]
Liberia	Dollar	1.00
Libya	Dinar	[illegible]
Liechtenstein	Sw. Franc	[illegible]
Luxembourg	Lux Franc	[illegible]
Macao	Pataca	[illegible]
Madagascar D. R.	Franc	[illegible]
Madeira	Port. Escudo	[illegible]
Malawi	Kwacha	[illegible]
Malaysia	Ringgit	[illegible]
Maldive Is.	Rufiyaa	[illegible]
Mali Rep.	Franc	[illegible]
Malta	Pound*	[illegible]
Martinique	Local Franc	[illegible]
Mauritania	Ouguiya	[illegible]
Mauritius	Rupee	[illegible]
Mexico	Peso (5)	[illegible]
Miquelon	C.F.A. Franc	[illegible]
Monaco	French Franc	[illegible]
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	[illegible]
Mozambique	Metical	[illegible]
Nauru Is.	Aust. Dollar	[illegible]
Nepal	Rupee	[illegible]
Netherlands	Guilder	[illegible]
Neth. Antilles	Guilder	[illegible]
New Zealand	Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Rep.	C.F.A. Franc	[illegible]
Nigeria	Naira	[illegible]
Norway	Norw. Krone	[illegible]
Oman, Sultanate of	Rial	[illegible]
Pakistan	Rupee	[illegible]
Panama	Balboa	1.00
Papua N.G.	Kina	[illegible]
Paraguay	Guarani (o) (2)	126.00
	Guarani (f) (2)	160.00
Peru	Sol	[illegible]
Philippines	Peso	[illegible]
Pitcairn Is.	N.Z. Dollar	[illegible]
Poland	Zloty (O)	[illegible]
Portugal	Escudo	[illegible]
Port Timor	Escudo	[illegible]
Puerto Rico	U.S. $	1.00
Qatar	Riyal	[illegible]
Reunion Ile de la	Fr. Franc	[illegible]
Romania	Leu (O)	[illegible]
Rwanda	Franc	[illegible]
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	[illegible]
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr. Franc	[illegible]
St. Vincent	E. Caribbean $	2.70
Samoa (American)	U.S. $	1.00
Samoa (Western)	Tala	[illegible]
San Marino	It. Lira	[illegible]
Sao Tome & Principe	Dobra	[illegible]
Saudi Arabia	Riyal	[illegible]
Senegal	C.F.A. Franc	[illegible]
Seychelles	Rupee	[illegible]
Sierra Leone	Leone (O) (14)	[illegible]
	Leone (c) (14)	[illegible]
Singapore	Dollar	[illegible]
Solomon Is.	Dollar	[illegible]
Somali Rep.	Shilling	[illegible]
South Africa	Rand	[illegible]
Spain	Peseta	[illegible]
Spanish ports in N. Africa	Peseta	[illegible]
Sri Lanka	Rupee	[illegible]
Sudan Rep.	Pound (O)	[illegible]
Surinam	Guilder	[illegible]
Swaziland	Lilangeni	[illegible]
Sweden	Krona	[illegible]
Switzerland	Franc	[illegible]
Syria	Pound	[illegible]
Taiwan	Dollar (O)	[illegible]
Tanzania	Shilling	[illegible]
Thailand	Baht	[illegible]
Togo Rep.	C.F.A. Franc	[illegible]
Tonga Is.	Pa'anga	[illegible]
Trinidad & Tobago	Dollar	[illegible]
Tunisia	Dinar	[illegible]
Turkey	Lira	[illegible]
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	[illegible]
Uganda	Shilling (5, 1st)	[illegible]
	Shilling (2, 2nd)	[illegible]
Utd. A'b. Emir.	Dirham	[illegible]
Utd. Kingdom	Pound Sterling*	[illegible]
Upper Volta	C.F.A. Franc	[illegible]
Uruguay	Peso	[illegible]
U.S.S.R.	Rouble	[illegible]
Vanuatu	Vatu	[illegible]
	Aust. Dollar	[illegible]
Vatican	Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam	Dong (O)	[illegible]
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	[illegible]
Yemen PDR	Dinar	[illegible]
Yugoslavia	Dinar	[illegible]
Zaire Rep.	Zaire	[illegible]
Zambia	Kwacha (4)	[illegible]
Zimbabwe	Dollar	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (O) Official rate. (c) Commercial rate. (f) Financial rate. (1) Jamaica: two-tier rate adopted. (2) Paraguay operates a two-tier system... (4) Zambia: Jan 9 ... (5) Mexico: Controlled rate covering imports, exports and some debt repayments. [illegible]

Authorised Units—continued

[illegible]

Insurances—continued

Albany Life Assurance Co Ltd [illegible]

Offshore and Overseas—continued

Perpetual U.T. Managers (Jersey) Ltd [illegible]

Rothschild Asset Management (C.I.) [illegible]

LEGAL NOTICES

THE COMPANIES (WINDING UP) ACT, 1977 (BERMUDA)
NOTICE OF WINDING UP ORDER
DOVER INSURANCE COMPANY LIMITED
Clarendon House, Church Street, Hamilton, Bermuda

Court: The Supreme Court of Bermuda. Number of Matter: 1983: No. 28. Date of order: 21st day of February, 1983. Date of presentation of Petition: 10th day of February, 1983. Appointment of Joint Provisional Liquidators: As Various Danville, Official Receiver and Charles W. Kempe, Jr. Address of Joint Provisional Liquidators: Government Administration Building, Parliament Street, Hamilton, Bermuda. APPLEBY, SPURLING & KEMPE, Reid House, Church Street, Hamilton, Bermuda. Attorneys for Joint Provisional Liquidators.

ART GALLERIES

AGNEW GALLERY, 43, Old Bond St., W1. [illegible]

CRANE KALMAN GALLERY, 178, Brompton Rd., SW3. [illegible]

ROYAL ACADEMY, Piccadilly, W1. [illegible]

TRAVEL

هكذا جاء الأصل

FINANCIAL TIMES SURVEY

City of London Property

The central core of the City has escaped the full blast of the recession and demand for office space remains reasonably buoyant. Nevertheless the large increase in new offices is having its effect on fringe areas where rents are stagnating

BY MICHAEL CASSELL
Property Correspondent

THE CITY of London property market has, without the aid of the Thames flood barrier, managed to keep its head above water during the last 12 months.

While its general state of health might be considered surprisingly robust when compared with some less fortunate commercial property centres, however, there is little room for complacency and few grounds for short-term optimism.

The single most important office market in the United Kingdom has, without question, suffered at the hands of the recession.

Financial pressures on space-takers have provoked the inevitable reappraisal of accommodation requirements and while the exercise has in some cases led to a shedding of space, or merely a decision not to expand, a growing number of occupants has opted for premises outside the capital.

Migration from London is hardly new and neither has it been confined to tenants in the City, but the rising tide of office users forsaking the capital represents the revival of a trend which questions some of the fundamental assumptions underpinning the City's own historical strength.

There are now suggestions that some of the businesses which have previously relocated away from the City may be regretting their decisions. The theory is that what may once have been comparatively much lower costs—such as rents and rates—are no longer necessarily so.

Whether or not the theory is reflected in the facts, the economic squeeze is still forcing large-scale office occupiers into closely weighing up the benefits of both options and neither is the choice necessarily between the City and some distant provincial centre.

Decisions like that of the First National Bank of Chicago to move most of its extensive City operations to Covent Garden — where modern, cheaper space awaits—underlines the readiness of traditional City tenants to exchange the Square Mile for a suitable compromise.

A stockpile

Desertion on a scale likely to alter the fundamental supply-demand pattern appears unlikely, although news of relocating tenants does little to help market confidence at a time when huge volumes of empty floorspace are already stockpiled and awaiting occupants. The continuing influx of new foreign banks provides some ground for optimism.

The principal feature of the City property market over the last year has not been a collapse in demand for space but the very significant increase in space availability. According to Paul Mitchell of Knight Frank and Rutley's City office: "Take-up remained steady throughout the year in the central core. But we saw a pronounced increase in new supply, both in the centre and around the City fringes resulting inevitably in a substantial and increasing overall surplus of office space."

Agents Richard Ellis estimate that about 4.75m sq ft of office accommodation came onto the open market during 1982. The total was much more than originally anticipated though they suggest the picture was distorted by several factors not least the early marketing of major schemes not ready for occupation and the offering of space by existing tenants in order to test potential demand.

Trevor Humph...

CONTENTS

Editorial production: Arthur Dawson
Design: Philip Hunt

Last year according to Ellis tenants took up an estimated 2.3m sq ft of office space in the EC postal districts roughly the same level recorded in the previous 12 months but well down on the 1977-78 peak of 3.75m sq ft. There had been hopes that take-up would rise in the direction of 2.75m sq ft but the continuing recession frustrated the more optimistic projections

Ellis accepts that new supply has exceeded take-up and withdrawals by a substantial margin —total availability throughout the City at the end of December 1982 stood at over 4m square feet compared with 2.3m square feet a year earlier—but it believes the market is in better shape than during the 1974-75 recession.

Both take-up and rental growth, it emphasises have been more buoyant. Rents during 1982 continued to move upwards for central area prime property, recording average increases of around 16 per cent and (notwithstanding the overall space surplus) reflecting the scarcity of first class accommodation in the City's heart.

Rents for good quality banking space are now standing at between £27-£30 a square foot and although top rentals run higher there is clear evidence of resistance among tenants to paying over the £30 a square foot mark. The average increase in rents for all City offices reached about 8.5 per cent, slightly up on 1981.

Most agents agree that, within the total office demand picture, the emergence of a two-tier market—with the inner area proving most resilient, has become increasingly marked over the last twelve months.

The financial sector has, for the most part, continued to move within the traditional banking area, opting for improved accommodation and often occupying larger areas of space.

The other principal markets grouped around the City's inner core—supporting the insurance, shipping and other professional sectors—have also been less active but the real impact of the recession was felt further afield in the fringe areas.

In sharp contrast to the inner City market, property on the outer edges—the location for some of the largest office schemes proposed and underway—has suffered most. Despite a string of marketing incentives, demand for space in these areas has been slack and, in most cases, rents have resolutely refused to show any growth worth recording.

The trend seems unlikely to change in the short-term. According to Clive Arding at Richard Ellis: "We are becoming increasingly concerned at the future for some of the City's peripheral locations. High rates in some of these areas are now a significant factor in determining tenants' location decisions and there must be doubt as to whether some areas will be able to compete with suburban or fully decentralised office centres."

There have been sufficient lettings in the fringe areas to suggest that all is not lost but there seems little doubt that, for as long as the overall City office market remains subdued, the fringes will remain most vulnerable.

Few indications exist that any general improvement will be recorded during the course of 1983 and most people whose futures and fortunes are tied up in the City market's health will be happy if conditions merely remain stable. Most predictions suggest that demand for space will edge upwards but that it will continue to be outweighed by the amount of accommodation becoming available.

Space arising in City office developments could reach around 1.5m sq ft during the year which, when added to accommodation released by existing occupants, could produce a combined new floorspace supply of up to 3.5m sq ft. With a surplus of supply remaining in the market, total availability could rise to around 4.5m sq ft at some point during the year, depending on the marketing of development schemes.

High level

Such a high level of availability at a time when take-up of space is unlikely to change from the 1982 level, hardly augurs well for significant rental growth and most agents predict average rises for prime property in the order of 10 per cent during the year.

Above all, there remains an underlying optimism about the City of London's office market to ride the storm and to get back on course. The short-term problems are not generally expected to lead to any fundamental changes in the market's make-up and neither has there been any significant evidence to suggest that office property in the City will lose some of its attractions to increasingly discerning investors.

The only major point at dispute appears to be just how long the present storm will last. Conditions might not deteriorate any further but there is a suspicion in some circles that the rough going may last longer than many are expecting.

Complex forces are now at work in determining the value of office space in the City area. **Andrew Taylor explains**

Rents reflect contrasts and contradictions of market

THE CREATEST area of growth in the City of London property market has for the past 18 months been in the increasing number of estate agents' signboards proclaiming empty offices and in the growing volume of advertisements seeking new tenants for the space available.

Yet the City—despite a further sharp rise in an already large surplus of office accommodation—remains a real estate market of striking contrasts and contradictions.

On the one hand, rents in many areas of the City have remained largely subdued during 1982 and will have seen little or no growth; in some of the more fringe locations rental levels will have fallen once special deals and rent free periods are taken into consideration.

At the other extreme, rents for the very best accommodation in the main financial area, around the Bank of England, continued to rise last year and in at least one instance topped £32 a sq ft.

The City, however, is not a simple single-cell property market but a series of individual and closely interlinking markets each with its own identity, strengths and weaknesses and often serving different tenant demands and needs.

Influences

The tenant mix—whether it be commodity, shipping, stock exchange, banking or insurance companies and representatives—can change radically in the space of a few hundred feet within this complex and powerful real estate market.

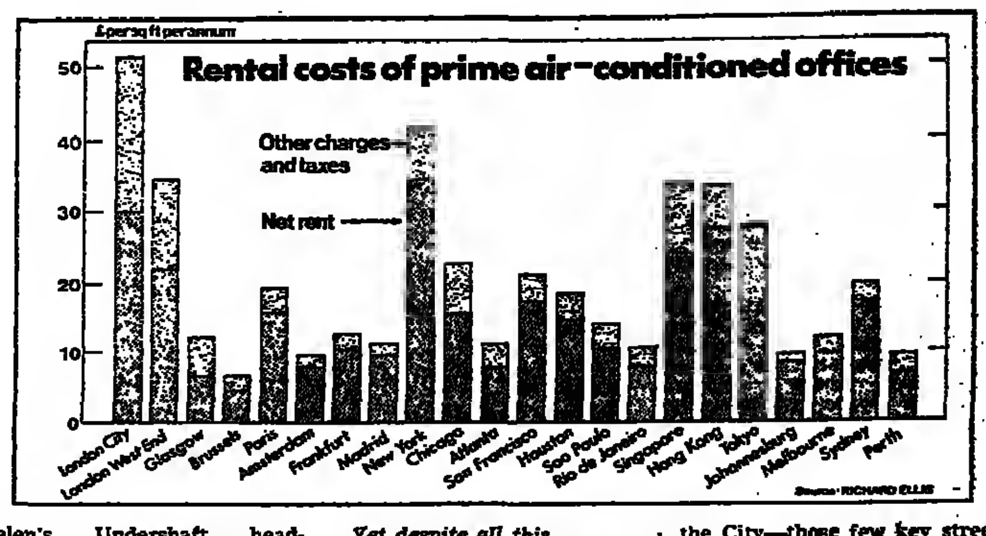
A series of contrasting deals and moves announced during 1982 illustrate the various forces which are influencing the City office market.

● Commercial Union for example has announced it is to transfer the jobs of about half of its 2,400 London staff to cheaper accommodation in Croydon and Basildon. Approaching 100,000 sq ft of City office space at CU's St Helen's Undershaft headquarters is to be released as a result of the move which together with associated job cuts could save the group £20m a year by 1984.

● United Dominions Trust has similarly announced plans to transfer at least two-thirds of its City headquarters staff to offices in New Barnet to the north of London. UDT says that the rising costs of central London rates was a factor behind its decision.

● In the last few weeks First National Bank of Chicago has announced it will be vacating most of its office space in the City—around 45,000 sq ft—to move to MEPC/Legal and General's 190,000 sq ft Long Acre office development in London's Covent Garden area. The bank will be occupying around 65,000 sq ft at Long Acre and is thought to be paying a rent of between £16 and £16.50 a sq ft.

Richard Ellis, estate agents and chartered surveyors, estimate that at the end of last year the total office space available for letting in the London EC postal districts had almost doubled to 4.2m sq ft compared with a take-up in the City in 1982 of 2.3m sq ft.



Yet despite all this . . .

● The overseas banking community has remained an important source of demand for City floorspace. According to Noel Alexander Associates 31 overseas banks opened new offices in London in 1982 while only two banks closed up and moved on.

● Jones Lang Wootton were able to negotiate a top rent of just over £32 a sq ft on behalf of Hongkong and Shanghai Bank for a 9,850 sq ft suite of offices at 99 Bishopsgate let to National Bank of Kuwait.

● Royal Bank of Scotland sold two adjoining City offices, totalling 17,750 sq ft, at 62 Lombard Street and 18 Birchin Lane, to Speyhawk for approaching £10m—a figure well above the expectations of selling agents Drivers Jonas.

It may be arguable that the 99 Bishopsgate deal was a special case or that Drivers Jonas substantially underrated the strength of the market on the Bank of Scotland sales; none the less there were some good deals done and some top rents paid for City properties in 1982 in what was generally a difficult year for the real estate sector.

It is outside of the central banking and financial core of the City—those few key streets around the Bank of England—that the commercial property market has really felt the strain. In these fringe areas large amounts of new and refurbished office accommodation has been coming onto the market at a time when tenant demand has failed to materialise to fill all the space planned.

Conditions have been worsened by the early marketing of schemes—some not due for completion for many months—by developers concerned that if they wait too long before marketing they may be left holding expensive voids when buildings are completed.

With so many premises chasing too few potential tenants, rental values have clearly come under pressure and the situation seems unlikely to improve in 1983.

Backlog

"In the City fringes it could take a year to 18 months to clear the backlog of properties on the market, even when a recovery in the economy gets under way," says Clive Arding of Richard Ellis. "We may expect to see, however, a further uplift in rents in the main financial district around the Bank of England with rental increases this year possibly in the order of 10 per cent."

Chris Peacock of Jones Lang Wootton agrees: "Judging by some negotiations taking place in the market, and the strength of interest being shown in some buildings by prospective tenants, we can expect to see reasonably strong growth in rents in the prime banking quarter of the City during 1983.

"For the rest of the City areas we expect to see little if any growth in rents this year with rents having reached a plateau in the more fringe locations."

The pressures on rents in the City fringes is reflected in the figures recently published by Ellis showing a breakdown of office supply and demand in and around the City.

These show that of a total of 4.2m sq ft available for letting in the London EC postal districts at the end of 1982 only 650,000 sq ft was situated within the main financial district. The bulk of the space was elsewhere in the City fringes (with 1.37m sq ft to the north in the EC1 and EC2 postal districts).

Richard Ellis says "The pattern of rental growth has closely followed supply/demand variations in the City, reflecting the distinction between central and peripheral locations.

"Rents in the central area, mainly those for prime buildings have shown substantial increases of up to £3 to £4 over the past 12 months, rising by over 20 per cent in some instances. This movement in top rents is clearly a reflection of the scarcity of first class accommodation in the area.

"In contrast rental growth outside the main banking/insurance area was noticeably lower, with values in Fleet Street/Holborn and peripheral City locations remaining static. The high level of availability in relation to demand in these areas has resulted in many properties taking a considerable time to let.

Why the gap is widening in the two tier market

Demand in the fringe areas stays subdued

PREDICTABLY the hardest-hit areas of the City property market have been the so-called fringe areas. While the City centre enjoys consistent demand for space and steadily rising rents the less desirable office blocks outside the square mile are not exactly letting like hot cakes.

Demand generally has weakened and the two-tier market between City prime and City fringe has become even more distinct than normal. The fringe areas are far from dead but there has been a steady build up of supply as a result of lower take-up figures and, perhaps more significantly, a continuing stream of new developments swelling the ranks of the unlet.

According to the recent review by Richard Ellis there was a total of 4.2m sq ft of unlet space in the EC postal districts by the end of last year. A year before that number was only 2.3m sq ft. Not surprisingly, a large part of that overhang of space is concentrated outside the City's centre. Ellis estimates that only 650,000 sq ft was available in the prime banking and insurance areas where demand is focused. A further 2.15m sq ft of space was on offer within the City boundaries and 1.37m sq ft was in locations bordering the northern City fringe.

To the east of the City the insurance industry dominates the letting market. Generally the property market there has remained fairly brisk with not a lot of unlet space hanging about on the agents' books. Property around the Minories and Aldgate is letting steadily but to the north the picture is more gloomy.

Accommodation immediately to the north of the City beyond Finsbury Circus is still reasonably attractive to traditional City tenants, especially for relocating back-up staff. Finsbury Square and Cutlers Gardens, lying as they do on the very edge of the prime area, are arguably on the fringe but the office markets in these areas are still relatively healthy.

In time these pockets will probably be upgraded into acceptable prime addresses, but moving further afield to the north and north east it becomes a very tough market indeed.

Accommodation on offer is building up and there are no obvious signs that there will be a revival of tenant demand in the foreseeable future.

The property market south of the Thames is unique. Quite clearly fringe, office development in the south has so far been relatively limited though potentially it could take off. For years the river has been a natural break in office development but the acres of derelict warehouses are ripe for redevelopment. The opportunities are enormous, and a lot of office space could come out of the ground in the next few years. Just think about Coin Street, Hays Wharf and the number of possible developments around the Southwark Bridge Road area.

Yet the reality is that the south is still a largely untested market. With the exception of those areas very close to bridges or rail termini there has been very little serious office development. It will take a lot of work to create an environment where an office market will flourish with the patronage of traditional City businesses.

A gamble

Mention the south bank to many of the property agents and a distinctly *nervous expression* washes over their faces. In the words of one agent: "It will take some very brave men to create that office environment. Still, it seems that some are willing to take the gamble."

In some quarters the area around Holborn and Fleet Street is still considered a fringe market. However its position between the West End and City property areas has made it a market of its own quite distinct from the other fringe areas. Rents in Holborn are broadly similar to the fringes and certainly a great deal cheaper than prime space in the City and West End. Because of its good communication links it has been a fairly sound level of office take-up in 1982 in spite of the problems elsewhere.

Overall, an oversupply of space and a weakening of demand has inevitably put the block on any rental growth unlike the prime City area. In the most general terms good air-conditioned accommodation in fringe markets goes for around £15 to £17 a sq ft. That compares with up to £32 a sq ft for top notch space in the banking area. Of course asking rents do not tell the whole story by a long way.

Incentives are the order of the day and as the market has got tougher the inducements the developers are prepared to offer have become increasingly more generous. Not only are the owners willing to allow tenants rent free holidays and reduced rentals, they are offering expensive fitting out allowances. For a fairly small business the promise of the developer putting in all the partitioning for instance must be advantageous.

Of course it is not just rents that the tenant has to consider. Rates have become a major office cost. Sometimes rates and service charges amount to more per square foot than the owner is charging in rent. Local governments have pushed up rates to such a degree that the burden on some companies has clearly influenced decisions to move out of London altogether.

In Camden, for example, rates as a proportion of prime rents is almost two-thirds. So an office costing £15 a sq ft in rent soon increases to over £25 by the time rates and service charges are taken into account.

Potential tenants are now far more conscious of total occupation costs, according to agents Bernard Thorpe. The rates that the London boroughs are charging have undoubtedly damaged the fringe markets.

The fringes still offer a good rent saving — a business can halve its rent costs by moving out of the inner core around the Bank, but once rates and services charges are added in the total occupation package does not offer such a compelling saving.

Instead some tenants have decided to stay put in the central area or leap frog right over the fringe to relocate (or partly relocate) right away from London.

Looking to the future, the health of the City's fringe office accommodation is undoubtedly chained to the economy in general. An election year can only add to the uncertainties of whether to expand or relocate. In the centre, demand for good accommodation is bound to continue at fairly buoyant levels. Yet demand for space outside the main banking and insurance areas is likely to remain fairly subdued.

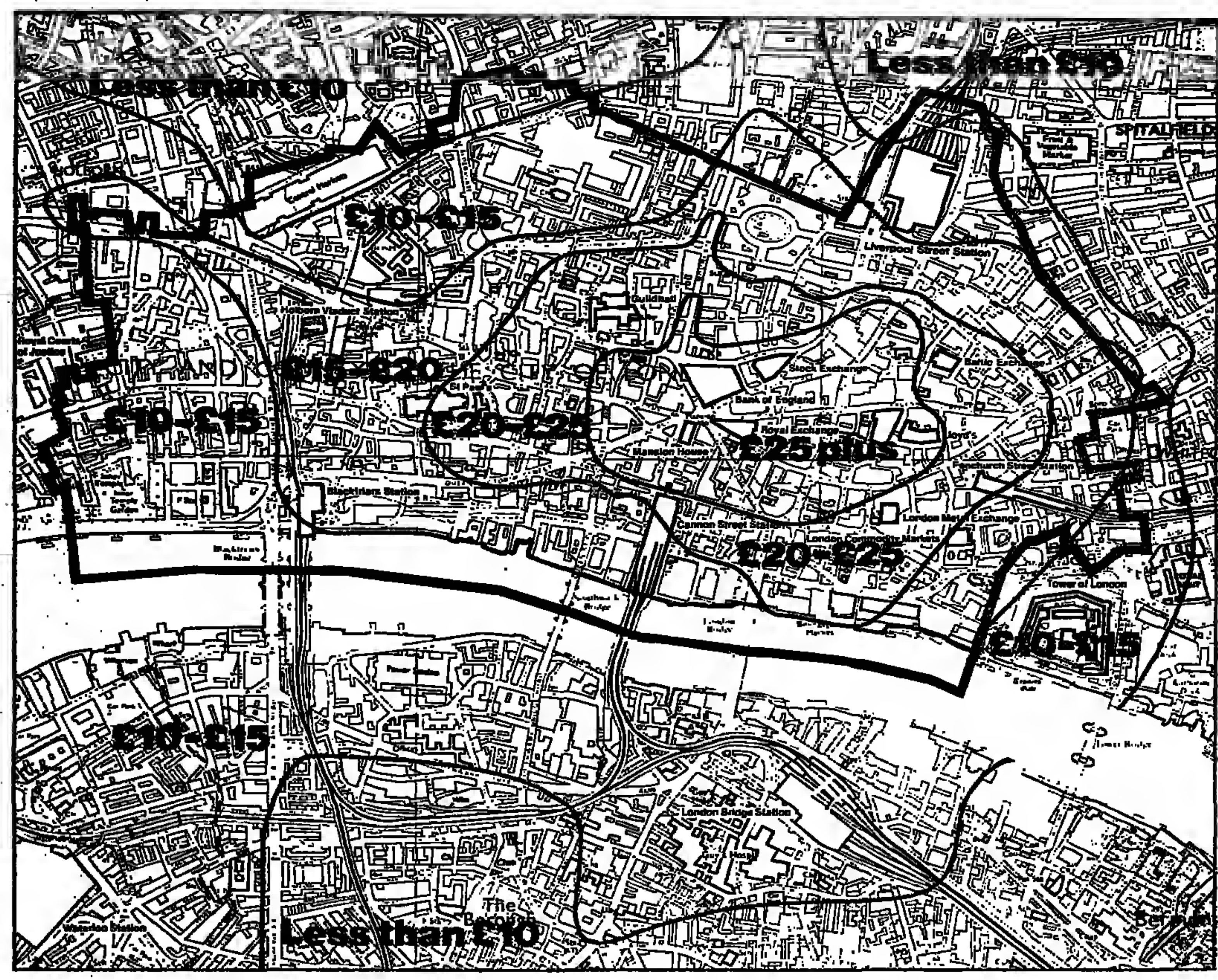
It will be another year when a considerable level of space comes onto the market and with that background tenants rather than the owners will still play the tune. Rents are unlikely to budget in the peripheral areas and incentives will probably be on offer even more than last year.

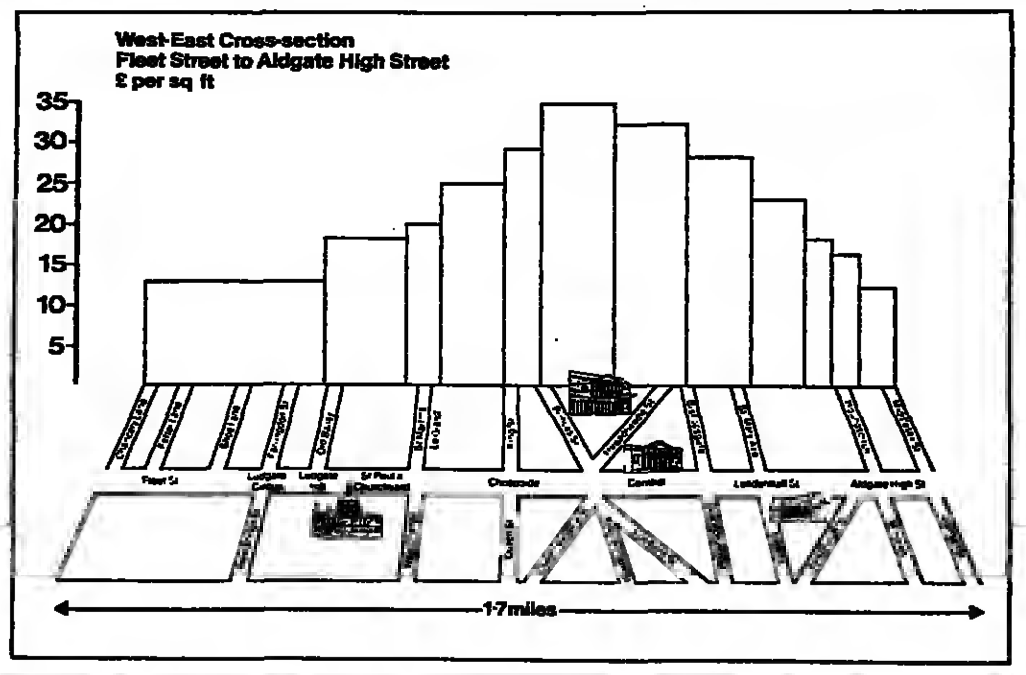
Terry Garrett

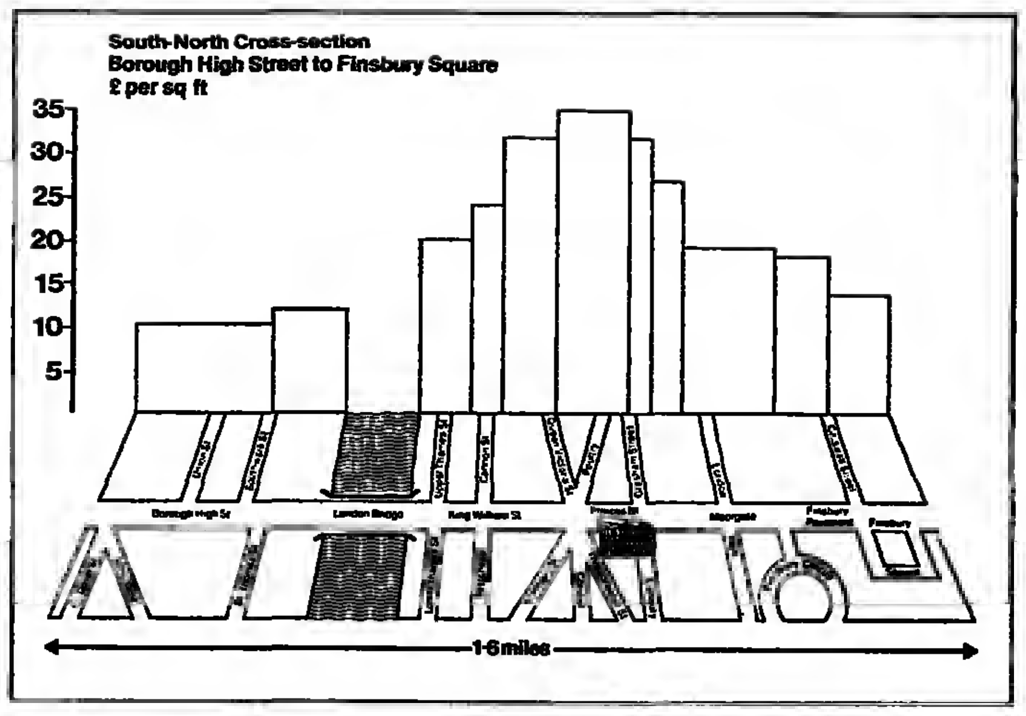
CITY OF LONDON PROPERTY III

Office Rent Contour Map

Rents shown are £ per sq ft per annum







Prime sites continue to command the highest rents

THE CITY of London "rent contour" map produced by Hillier Parker May and Rowden illustrates the strength of the office market in the central core, around the Bank of England.

In terms of rents, rates and service charges some of the most expensive real estate in the world is situated in and around these few key streets.

Demand for accommodation in this part of the City has remained strong and rents generally have continued to rise in spite of the recession.

Further away from the centre the property market has come under increasing pressure and rents have suffered as a consequence. With a large amount of surplus accommodation on the market, rents in the City fringes during 1982 have at best remained static. Rental values, once special deals and rent free periods are taken into consideration, may even have fallen.

Most commercial agents do not expect that this situation will alter greatly during 1983. Landlords faced with the prospect of empty buildings are pinning their hopes on an economic recovery which will stimulate tenant demand and sponsor an increased take-up of the backlog of properties currently on the market.

In the central area, where demand is stronger and good quality premises in shorter supply, rents are likely to see a further increase in 1983 although some agents believe that the £30 a sq ft level could be a barrier for some properties.

Andrew Taylor

William Cochrane on the needs of shoppers

Retailers adjust to quick fashion

SHOPPING IN the City is not what it used to be. This is not a value judgement, just a statement of fact. What until 15 years ago was a retail service centre for male businessmen is having to adjust to the increase in women workers, flexible working hours and, to a certain extent, the attitude of the planners towards ground floor use.

Max Wildsmith of Knight Frank and Rutley's City office notes the rise of clothes shops —"quick fashion," as he describes them—records, cassettes and videos, but he acknowledges that the basic problem for the landlord remains constant: shops in the City get their custom only five days a week, and that mostly at lunchtime.

Covenant

"City shopping does not attract national convenants to anything like the same extent as other centres," be says. "Some new buildings are finding it difficult to get good covenants at the moment."

There is an understandable emphasis on the food user in the City, and rents and premiums have been pushed up by sandwich bar/delicatessen operators. "Cheapside apart," says Mr Wildsmith, "any shop which comes on to the rental market will probably have two sandwich bar-type users as potential tenants."

However, there are other influences. The Joint Grand Gresham Committee, freeholders of the Royal Exchange and the Bank of England, which has extensive holdings in Cheapside, both seem to want a good mix of retailing. Similarly, the City Corporation planners do not want to see too much food in the Square Mile's retailing pattern.

Rental patterns are not easy to determine, partly because they are just beginning to emerge, but it seems reasonable to say that the City has not seen the decline that other markets have experienced in the past two years.

Geoffrey Dale, of Hillier Parker, explains: "Rents have *jumped dramatically in the past* two or three years in Cheapside," he says, "but before that there had not been any open market lettings.

"Tenancies had only been offered by assignment for premium and no-one could work out whether, or how much of the premium represented goodwill, fixtures and fittings or underlying rental improvement."

A letting in Bow Bells House began to prove the Cheapside point two years ago when a unit comprising 700 sq ft on the ground floor and 400 sq ft in the basement made in excess of £45 per sq ft for Zone A (the prime element in the retailing space) against a previous top of £30.

"Provable rents almost doubled overnight," says Mr Dale, "and since then transaction and rent reviews have supported the higher rental level."

John Buckingham of Jones Lang Wootton takes a similar and in some ways stronger line. "City retailing has not been affected by recession in the same way as the West End," he says. "As a market, it has had a strong two or three years."

The main problem in getting national covenants, as he sees it, is the size of units available. "There is no depth in most of Cheapside," he says, pointing to units 40 feet deep where national retailers would ideally like 80 feet with a frontage of 25 feet or 30.

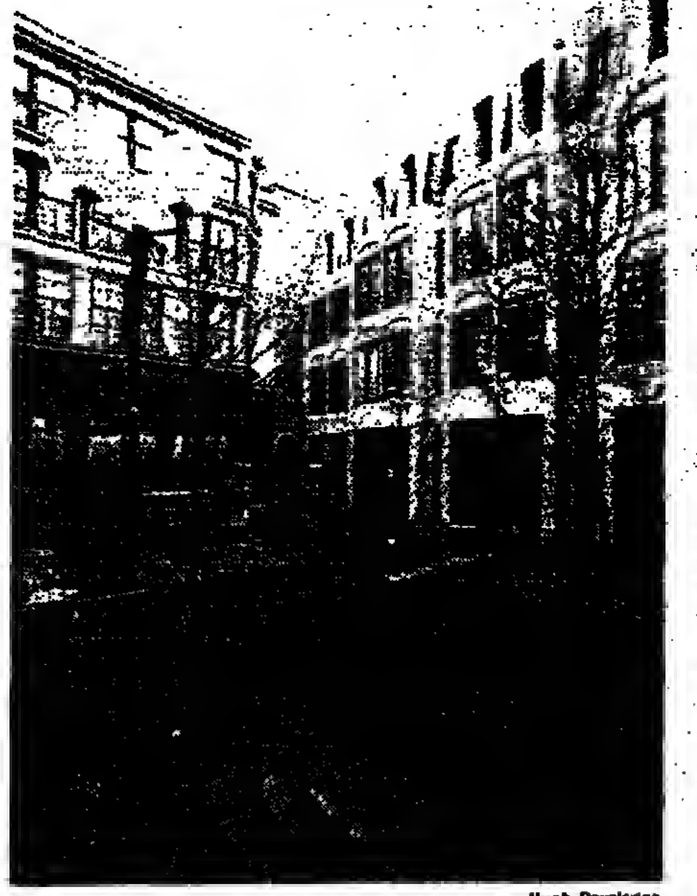
Major multiples, mainly fashion-based, are keen to get into the City if they can find units of the right size, he says, pointing out some of the facts which can be turned to economic advantage.

Overheads, says Mr Buckingham, are lower. With main selling hours of 12-3 pm, retailers can go for more part-time staff. Rents are considerably lower than in the West End, roughly a quarter of what they are in *Oxford Street*.

Menswear retailers like representation in the City, he says, even if prospective purchasers might prefer to save their buying for the suburbs. "Instructions in the City are on the market for a very short time," he concludes, "reflecting the competition for units."

Bill Peach of Richard Ellis, *involved with Jones Lang* in the marketing of Watling Court at Bow Lane/Watling Street to the south of Cheapside, notes that the retail tenants' requirements are not always the main consideration.

Watling Court comprises seven shop units, a restaurant, a public house and 79,000 sq ft of offices let to the Midland Bank which is clearly concerned about the quality of covenant supplied by its sub tenants.



Hugh Routledge

Watling Court: Midland Bank anxious for ground floor retailing to reflect its status

British Rail cashes in on covering up its tracks

THE PROPOSALS for the redevelopment of Liverpool Street station, one of the longest running and widely debated of the schemes for changing the face of the City, have taken several steps nearer to fruition in the past six months.

The latest and, for old City hands, possibly the most poignant move, has been the pronouncement of the death sentence on Broad Street station, terminus for the North London rail links from Richmond and Watford. Mr David Howell, Transport Secretary, gave permission for the closure at the end of last month.

While the closure of Broad Street is not at present a permanent move in that it will be replaced on a temporary basis by Worship Street, which lies close by, and the eventual plan is to divert the old Broad Street lines into the rebuilt Liverpool Street station.

The Parliamentary Bill, on which the Liverpool Street plans depend, secured its third reading in the House of Commons early in December. Two months earlier, another step towards the commencement of the £250m project came when British Rail chose the consortium which will undertake the work. Taylor Woodrow Property and Wimpey Property Holdings, together with British Rail itself, will carry out the plan, which is intended to combine a development of office and shop properties with new rail tracks, concourse and travel facilities.

Drawing board

At present on the drawing boards are plans for around 1.25m square feet of office space and about 30,000 square feet of shops. The plans are still in the process of wending their way through the City Corporation's planning committees, and the timescale, inevitably, remains somewhat uncertain.

The Liverpool Street redevelopment plans have always combined under one heading virtually all the problems, the hopes and the fears of British Rail itself, its paying customers the City Corporation and the property development industry.

The whole area is a prime site, covering a substantial area in a part of London now increasingly attractive not only to the City institutions but also to the overseas financial institutions which have flooded into London over the past two decades.

Liverpool Street station is also the major commuter station for City employees—indeed the prosperity of the City and the growth of the rail lines into Essex were virtually synonymous. The vast majority of the commuters who must at present struggle through Liverpool Street station in its grimmest rush hour, and who will consequently be among the beneficiaries of a new, streamlined station, are City workers in the original sense: employees or partners of the stock exchange firms, the banks, and the insurance companies.

It is this uneasy mixture of nostalgia and practical necessity which has made the Liverpool Street project one of the most deeply felt issues in the City. Other developments in the London area, the Billingsgate site, or the many schemes for redeveloping dockland, have centred around areas which by common consent were moribund and of only marginal interest to the City as a living, international financial centre.

But Liverpool Street belongs to the City proper, the very centre of a financial community which has shown even greater vitality over the past few years as Britain's industrial areas have crumbled.

T.B.

New life for the old fish market

THE CLOSING weeks of 1982 will be remembered for a sudden batch of decisions by Mr Michael Heseltine, then Environment Minister, on several major development projects which will leave their mark for better or for worse on the London we hand to future generations.

Of major significance for the City was his approval of the plans for redevelopment of the old Billingsgate fish market, which had become redundant after the market's move to the Isle of Dogs. His ruling opens the way for a £30m scheme which would incorporate shops, restaurants, offices and, perhaps a new venue for London's old-established commodity markets. Covell, Matthews Wheatley will be responsible for the scheme, but the Commodity Exchange has yet to announce whether it will move into the new site.

The plan itself, which was the subject of a public inquiry in August last year, has been generally favoured by the City and the Greater London Council. Since the original function of the site was no longer needed, there was a willingness in both quarters to see it put to some new use; and once it was accepted that the original building, built in 1878 by Sir Horace Jones, should not itself be the subject of major redevelopment, permission for the project was expected.

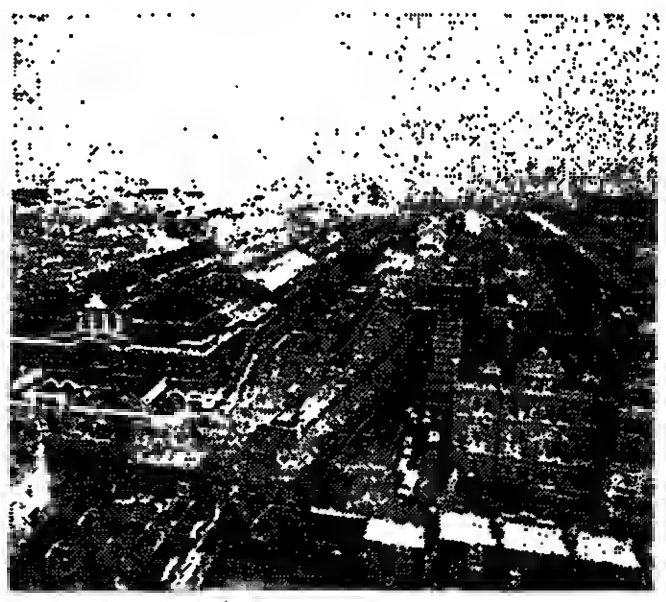
The Greater London Council described the proposals as "an opportunity for Londoners to enjoy this historic place in a civilised and attractive atmosphere."

None of which, however, has protected the plans from some determined savaging from the purists—and perhaps the not so purists. The 14 storey "stepped" block planned to tower over the old Billingsgate building has been condemned as simply too big for its more ancient companion: "overwhelming" is one of the more restrained descriptions.

Nor are the traditionalists impressed by the blue solar reflecting glass cladding the new block. The development would, however, have its practical side, and has attracted approval in many quarters for its introduction of such socially desirable features as bars and restaurants.

Billingsgate, offers an opportunity to enrich the City's social and tourist attractions while at the same time providing more of the prime office space for which both UK and foreign investment institutions continue to clamour.

Terry Byland



Liverpool Street and Broad Street stations today: right, model showing the proposed redevelopment

Big battle goes on over Little Britain

EVERYBODY HAS their favourite planning story and the City is pockmarked with the tri-partite battles between developers, conservationists and central authorities but for sheer longevity, not to say confusion, proposals to build something—anything—on the historic Little Britain site are surely worth consideration by the record compilers.

At one point, six years ago, when the planning application went before the City Corporation, redevelopment *entailed* nothing much more than good old-fashioned demolition and re-building.

In the intervening years, various buildings have been listed — the developers claim to have amended their scheme to retain some of their facades —and the site has been the subject of two conservation areas, the second at the behest of the Greater London Council.

The scheme's vigorous opponents, notably led by the Smithfield Trust, have battled against Little Britain redevelopment through an appeal to the City's Court of Common Council and have gone on to take their case to the High Court.

The City had, between these two hearings, given the scheme *an outline planning permission* but the emergence of the GLC conservation area created of confusion around the project again.

The man from the ministry has been hearing all the evidence and opinions from each side and may have formed his own opinions as to the likely impact of development *in this half-forgotten little nook* in the Square Mile.

Whatever the Ministry of the Environment in its wisdom may or may not have decided, the prospective developers still *seem to be in the dark.* George Wimpey, whose Viewcourse Investment property subsidiary is involved, certainly could not shed any light on the outcome recently.

And the scheme itself? That provides for 383,500 sq ft of speculative office development to be developed by the Wimpey offshoot and St Bartholomew's Hospital and 124,000 sq ft of residential accommodation which the hospital's staff will use.

The site is sandwiched just between the western end of London Wall and the hospital itself and would thus be undoubtedly categorised as a City "fringe" scheme. Given the amount of unlet space with is now building up around the borders of the Square Mile's financial heart, such delays may not be quite such a bad thing in the long run.

They may not know it, and may not appreciate it, but those doughty defenders of every last ounce of London's heritage may just be doing the owners of completed but unlet City developments something of a favour.

Ray Maughan

Tired of high City rents some tenants are looking at a nearby area, says **Terry Garrett**

Holborn proves an attractive compromise

WITH THE barest chill wind of recession blowing through the streets of the City of London some of the property soothsayers have been wringing their hands and predicting gloom and doom.

True, the City's property market has lost some of its atride, hardly surprising given the present state, but compared to what is happening in markets outside the capital, London is sailing through the recession with hardly a blemish.

The heart of the City is still enjoying steady rental growth and even in the fringes the take up of office space may not be good but it is nowhere near as poor as some would have it.

Certainly Holborn has experienced a surprisingly sturdy level of demand over the last year. The area—stretching from Tottenham Court Road in the west to Farrington Street in the east, the river to the south and going almost to Euston Road in the north—is the favourite fringe market.

Cheaper

Some, such as Mr Rodney Petty of agents Weatherall Green and Smith, would argue that Holborn is not really fringe at all. The area enjoys good east to west communication, nestling between the City and West End markets. What is more Holborn rent levels are a good deal cheaper than both those markets.

Last year was punctuated by a series of important deals. Early on in 1982 Barclays Bank took 160,000 sq ft in Fleetway House in Farringdon Street at a rental of around £15.00 a sq ft. Link Television paid £14.25 a sq ft for a refurbished office development, Bedford Row House. Reuters paid about 50p more a foot for 33,000 sq ft of accommodation in John Carpenter Street.

A merchant bank was interested in 17,200 sq ft of space marketed by the National Bus Company and though the deal fell through another tenant appeared in the shape of a firm of chartered accountants.

Agents Debenham Tewson and Chinnocks success in shifting space in Fetter Lane underlines the surprising strength of the area. Lummus, a member of tha U.S. Combusion Engineering Group, announced in 1981 its intention to move out of the Fetter Lane headquarters—two buildings with over 120,000 sq ft of accommodation—and trek out to Northampton.

In April last year 28,000 sq ft of space at 43 Fetter Lane went to solicitors D. J. Freeman and in October a further 42,235 sq ft was taken by Associated Press in the north block of number 100. Freeman paid around £11.25 a sq ft and AP £13.00.

The agents will soon be announcing that a sub-let has been arranged with Benn Brothers, the publishing company, on the sixth floor of the north block—2,500 sq ft. That only leaves the fifth floor and the south block with 50,700 sq ft to go.

As far as the banks are concerned it was a two way market. Citibank took the decision to expand its offices in the Aldwych adding some 40,000 sq ft of space to its 90,000 sq ft. The bank has also taken a couple of fairly small premises nearby.

Covent Garden has won quite an accolade as First National Bank of Chicago deserts its prime space in the Square Mile to take footage in the Long Acre office scheme of MEPC and Legal & General. First National is leaving its clearing centre and payments office in Royal Exchange Avenue but in taking four floors in Long Acre, involving 65,000 sq ft net, First National has consolidsted its London operations from five to two centres.

Details of the rent have not been disclosed but it is thought that First National is paying something around the £16 to £16.50 mark per sq ft. That is probably a saving of £4 or more against its central banking position in the City.

Relocations

Good news obviously for MEPC which has now let around three-qnarters of its 190,000 sq ft Long Acre development at reots up to £18 a sq ft. It also provides food for thought ahont banking requirements in the traditional area.

Some of First National'a American counterparts have relocated part of their offices way beyond City boundries. Chemical Bank has vacated some of its premises in Arundel Great Court and moved out to Cardiff. Bank of America has taken space beyond Croydon and is looking for more accommodation outside the City and Chase Manhattan is also said to be looking afield to relocate

Perbaps Holborn is an attractive compromise for those tired of bigh City rents but nnwilling to move too far from the Square Mile.

Still, the deal of the year was probably Phillips Petroleum for the Adelphi complex. The oil group had been casting around for new accommodation for some time. Phillips was scattered around the Victoria area in a variety of buildings and bad evidently taken a long hard look at every possible location in the central area before opting for the Adelphi close to Charing Cross station. The complex, 300,000 sq ft, was jointiy purchased hy the Prudential and Town and City more than a decade ago. Now the Pru is sole owner with Town and City's role confined to project manager.

A catalogue of successes may seem a bit one-sided. Of course the Holborn market has its weak spots. New Garden House in Hatton Garden is still vacant though the agents are talking to someone showing more than a passing interest. To the west the Tottenham Court Road area is far from buoyant. But the point is that there is still a good level of take-up.

Figures from Debenham Tewson and Chinnocks underline the trends. Office accommodation in the WC1 and WC2 postal districts which was let, sold or under offer rose from 760,000 sq ft in 1981 to 1,307,000 sq ft last year. Even allowing for the Adelphi deal that is a very healthy increase in take-up.

The twelve months of 1981 were not a low point in terms of office take up so there is no real problem with the level of demand. What has soured the market and prompted comments of poor demand has been the large amount of new space coming onto the agents' books.

Inclnding second-hand property the amount of new space marketed in WC1 and WC2 came out at 1,763,000 sq ft in 1982 against 1,405,000 sq ft for 1981. In terms of the supply of office units that equates to 462 units in 1981 and 519 in 1982.

By the end of 1982 total available space in WC1 and WC2 was 1,233,000 sq ft (216 office units) against 940,000 sq ft (133 units) the year before. The run away figure in the supply/demand equation is obvious.

According to Mr David Steventon of Debenham Tewson the overhang of property turned into an avalanche of space on the market. This was true not only of Holborn but all the City fringe areas. Just shifting that over-supply of accommodation could take a couple of years.

That bodes ill for developers hoping that static rents of last year will revive during 1983. Typical rental levels in the Holborn area for modern air conditioned offices are around the £15 to £16 per sq ft mark. That compares to £25 to £30 in the City or £20 to £25 in the West End. Rentals have hardly budged at all over the last 12 months compared to a modest rise in the central area.

However, at least asking rents in Holborn have shown no serious signs of weakening although developers and agents alike are loath to talk of incentives on offer to shift floor space. And an area such as Holborn, lacking the kudos of the City or the West End, is inevitably a sensitive rental area.

The new Prudential building, part seven-storey and part three-storey, in a U-shape, at the corner of Grays Inn Road and Holborn, has 60,000 sq ft of offices, plus rooftop flat and two squasb courts for Prudential's own use.

Andrew Taylor studies a highly controversial development area

South bank plans stay becalmed

IN TERMS of output the commercial redevelopment of London's south bank has generated far more paperwork than it has bricks and mortar.

Vociferous local opposition and a series of marathon public inquiries have delayed a string of major commercial schemes proposed for key sites on the south bank of the Thames.

Some estate agents and chartered surveyors doubt whether these projects will ever be completed on the size and scale envisaged when the London property market was looking a lot stronger than it is at the moment.

It may be commercial considerations rather than opposition from local authorities and planners which ultimately determine the destiny of three of the largest schemes proposed for an area of riverside stretching from Tower Bridge to the east and Vauxhall Bridge to the west.

The main areas are:

● At Hay's Wharf, nestling nearly between London Bridge and Tower Bridge, planning permission has been granted for a 740,000 sq ft office development, together with 84,300 sq ft for mainly shops and residential accommodation. The scheme has ben proposed by St Martins Property Corporation, a subsidiary of the Kuwait Investment Office.

● At Coin Street, planning permission has been granted for two rival schemes on a 13-acre site adjacent to the National Theatre. Greycoat Commercial Estates (which includes provision for more than 850,000 sq ft of offices in its plans) however, has an agreement which would allow it to purchase from the Greater London Council the remaining part of the Coin Street site it does not already control. The rival scheme has been proposed by the Association of Waterloo Groups.

● Upriver on a 12-acre site straddling the southern end of Vauxhall Bridge, a scheme for 1.5m sq ft of offices has been adopted following an architectural competition. Arunbridge, headed by Ronald Lyon, is project manager, acting on behalf of a Kuwaiti-led consortium for the scheme.

Hay'sWharf

Planning permissions for the Hay's Wharf site (granted at the beginning of 1982) and for the two Coin Street schemes (the granting of planning permission for these was one of Mr Michael Heseltine's last acts as Environment Secretary) followed a series of costly pnblic inquiries. In the case of Coin Street, the Greater London Council together with the Association of Waterloo Groups and the London Boroughs of Lambeth and Southwark are now appealing to the High Court to overturn the Environment Secretary's decision.

Developers pursuing major schemes along the south bank must at times feel like a Grand National jockey; once safely over Becher's Brook there is still Canal Turn and The Chair to clear. The biggest fence and one yet unmeasured is whether there will be sufficient tenant to fill all the space new planned.

The scheme most likely to go ahead is that proposed by St Martins Property Corporation at Hay's Wharf. The development site looks across the River Thames into the heart of the City of London. Britain's most powerful and expensive real estate market.

A well-developed scheme at Hay's Wharf could provide a natural spill-over area for excess office demand in the City. It would however face fierce competition from a number of other City fringe locations suffering from a significant oversupply of office accommodation.

The south bank has traditionally not been an area of high office demand. Its image is one of derelict wharves and decaying warehouses. To succeed in this location a development will need to be large enough and sufficiently prestigious to create its own identity. Ambitious plans have been proposed before hut a major building programme has yet to start.

St Martins clearly has the financial muscle to snpport such an adventurous project and so far the development team has shown no lack of determination to proceed with its plans. Jones Lang Wootton and Baker Harris Saunders are acting for the developer.

Upriver at Coin Street the issue is more complex. Not only have there been moves to start court action against the Environment Secretary's decision to support the Greycoat scheme hut the GLC, now nnder Labour control, is strongly against a major office scheme at Coin Street.

The future of the site could depend upon the status of the agreement between Greycoat and the former Conservative-controlled GLC under which the local authority agreed to sell to Greycoat the remaining part of the Coin Street site the develooers did not already control.

The present Labour-controlled GLC has so far made no attempt to challenge the legality of this deal which Greycoat consider to be binding. The Labour Group strongly supports the rival plans for Coin Street proposed by the Association of Waterloo Groups which calls for the site to be turned over for housing, industrial and community uses.

Plans for a major development at Vauxhall Bridge took a further step forward last year when architects Eebire Allsopp together with Mr Ted Happold, the consulting engineer prodduced the scheme which won an architectural competition for the redevelopment of the site.

Like almost everything else in this part of the river the choice of the winning design was surrounded in controversy when was revelead that the chosen scheme had iot beel the most popular when put on public display along with otheh shortlisted designs.

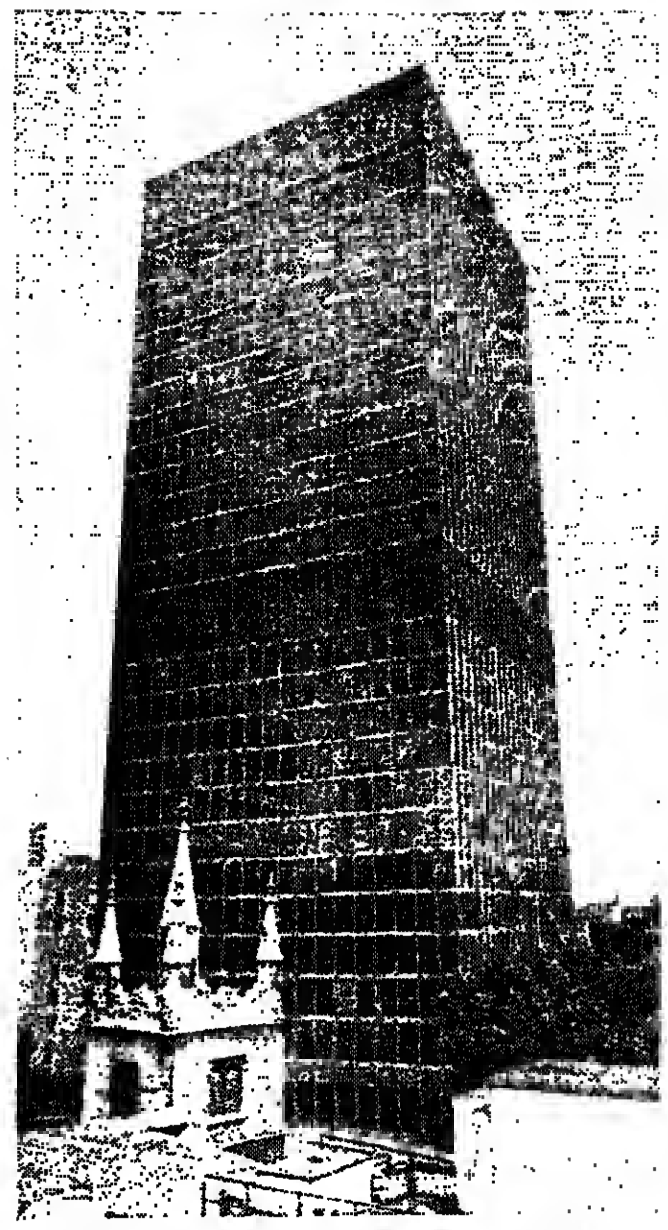
Arunbridge, project managers for the development, argue that the Sehire Allsopp/Tell Happold scheme has the advantage that it can be built in phases. The speed at which the scheme is developed will depend npon the sucessful letting of each phase.

This is important as the Kuwaiti-led hackers of the project do not intend to fund the scheme themselves but will be seeking outside development finance as each stage progresses.

However to get the developmetn under way the consortum may be preparade to fund the first 150,000 sq ft themselves. The scheme is designed to provide more than 1m sq ft og office accommodation in six major huildings. Edward Erdman, consultant surveyors for the scheme are still examining various possible ways of funding what is a vast project in anybody's teams.

There are smaller, less ambitious projects planned for the south hank; some are already underway . But if prejudice against the south bank is to he overcome it will need some of these major schemes to get off the ground. Whether this will happen could depend upon the confidence of the financial community to fund such large and costly ventures.

CITY OF LONDON PROPERTY VI



The offices vacated by Commercial Union in Leadenhall Street have brought strong inquiries for large suites but the overall effect could act as a dampener on the market

Ray Maughan looks at the likely effects of large developments coming on to the market

Choice for tenants is widening

THE PACE and scale of new development in the City of London have not been much affected by the recession yet, for reasons of market equilibrium, if for no other.

It may be just as well that Peter Palumbo's ambitious redevelopment proposals at Mansion House have been turned down. The amount of available office accommodation in the EC postal areas is already at a high level and is not expected to come down appreciably in the foreseeable future.

The outlook for new developments coming on stream this year and next do not look, on the face of it, particularly bright. But the area loosely described as the City is not a homogenous entity. Letting prospects now appear to be markedly varied between the core inner banking and financial areas and what is otherwise known as the City fringe.

Agents estimate that total accommodation for letting at the end of 1982 had risen from 2.3m sq ft a year earlier to 4.2m sq ft and could rise to 4½m sq ft at some point during 1983.

Yet, as Richard Ellis pointed out in a recent review, "this high overall figure masked the unequal distribution of availability in the City area."

Only 650,000 sq ft or 16 per cent of the total was actually located inside the inner core of the banking/insurance area where demand is concentrated. A much larger proportion of available space, amounting to 2.15m sq ft was to be found within the City boundary but outside this central core, and a further 1.4m sq ft in locations bordering the northern City fringe.

The creation of a major new financial market in London, LIFFE, has, if anything, only served to exacerbate a continuing shortage of space in this central area. There are good reasons, of which more later, why clients can be persuaded to re-locate outside the core but the fact remains that the insurance community needs to maintain the shortest possible links with Lloyd's and the same can be said of stockbrokers' proximity to the Stock Exchange.

Critical barrier

So rents for prime accommodation in the central area have, Ellis has disclosed, risen by as much as £3 and £4 per sq ft to show some 20 per cent growth in some instances. The critical £30 per sq ft barrier has been tested even if full acceptance of rents above this level is still a little way off.

Even in this select location, however, the forecast for rental growth this year is somewhat more subdued. Something in the region of 10 per cent growth seems the best guess in the light of increased availability and, in the background, lower inflationary expectations generally.

Much attention has been focused on the large office suites which have come to the market in the central area, namely Drapers Gardens, and a number of floors in the Commercial Union building.

That could provide some dampener to demand for such locations but agents report that inquiries have been strong and little accommodation is expected to remain on the market for long.

The outlook for the developments which will be changing the shape of the City's skyline this year and next may well depend on where they are located. For example, the 130,000 sq ft office block developed by Land Securities Investment Trust at King William Street House at the northern end of London Bridge is expected to find a tenant well ahead of completion in the autumn.

Other major developments in the pipeline include the joint project by Haslemere Estates and Scottish Amicable Life Assurance Society to build a 106,000 sq ft office for £15.5m at Bury Court, Bevis Marks.

This will be ready for occupation in mid-summer as will the English Property Corporation and Guinness Peat Property Services development in Whitechapel Road, Aldgate. Some 73,000 sq ft is to be marketed.

The summer should also see the completion of the 190,000 sq ft Lloyds Chambers project, again in London E1, for which the insurance broking group, Hogg Robinson, has taken the entire lease. Some 54,000 sq ft of space on the first and second floors will be on the market.

Another major scheme is the Rosehaugh Greycoat Estates project of 260,000 sq ft in Finsbury Avenue, Eldon Street, just north of London Wall. The funding has recently been agreed but before the financing deal was signed it was noticeable that the premises were already subject to vigorous marketing.

This may be becoming a way of life for developments outside the core area. Indeed some 800,000 sq ft of City space was put on to the market last year well before completion and agents detect the use of some attractive carrots to find tenants; lengthy rent free periods and reduced rentals are now being supplemented by extensive fitting out and partitioning for example at the developers' expense.

For the developer looking at what is, at best, a static prospect for fringe City sites, the over-riding questions are to what extent can tenants, actual or prospective, be persuaded to move out of the prime central area and, having done so, what distance will they move?

There are one or two instances to show that when major corporations do relocate, they move quite some distance. Commercial Union took a lot of its staff to Croydon, for example, and United Dominion Trust resited some of its headquarters function in Barnet on the northern fringes of London. That should not be taken as indicating a mass exodus of corporations out of the City but it may presage a determination to shift clerical overheads to a far less expensive base.

Agents and developers, however, are now attempting to show that a move of just a few miles, or less, can make a material impact on the cost of working in the most expensive financial centre in the world.

Inroads

All-in costs of prime accommodation, including a service charge and rates (before the forthcoming GLC imposed increase) are now approaching £50 per sq ft annually but agents calculate that there is a potential saving of some £20 per sq ft to be had by taking space a few minutes walk away on the eastern side of Liverpool Street station.

Together with the inducements developers are now offering likely tenants, it is this cost analysis which stands to make most inroads into the City's dormant space on its fringes.

As in the rest of Britain, it will take economic recovery to shed this office overhang and even then the improvement may be slow. The City derives much of its income, particularly its insurance premiums, in foreign currencies and the fall in sterling parities should be swelling profitability this year. But there is no discernible sign yet that property activity by the insurance community, or the shipping sector for that matter, is about to increase.

Stockbrokers, too, are enjoying boom conditions, handling more business on behalf of domestic and overseas clients than at almost any time before. Yet there is little sign of aggressive expansion in their need for accommodation; quite the reverse, mergers are the order of the day shedding surplus premises and back office staff.

Over the longer term, the City will gradually spread its boundaries as the developers bring successful new projects to an ever-widening fringe area of the financial community's environment. Shorter term, there is no reason for development companies to agitate too hard if the planning inquiry process seems to be delaying the transfer of their projects from the drawing board to reality. Letting conditions will plainly brighten but probably not this year.

Institutional interest remains strong in the City area but on the fringes size can be a barrier, says William Cochrane

Investors keep an eye on relocation trend

THE TROUBLE with investment in City property is that what is wanted, indeed badly wanted, is hard to find. What is readily available, on the other hand, is often either too far away from the City's banking/insurance core, too big to attract conventional institutional investment interest.

"Generally, the investment market everywhere was relatively weak in the latter half of 1982," says Robin Broadhurst of Jones Lang Wootton. "There is strong underlying demand for good quality freehold investments in the City," he says; "when they become available, from £1m to £25m, there are plenty of takers."

Mr Broadhurst says that he could list five funds which very much want to make good quality investments in the City of London. "But four of them," he adds, "would not contemplate any investment unless it is freehold."

It happens that most of the propositions which are seen in the City core are leaseholds. Livery companies, charities and the City Corporation own a large number of the freehold titles.

"On a purely actuarial and financial basis," says Mr Broadhurst, "leaseholds can represent good value." But he notes that every investor has an eye to the prospect of selling an investment at some time in the future, and the longer a leasehold is held the less attractive it becomes.

Looking to the future, the Jones Lang view is that demand for the best locations will remain strong. "The fringe is much more difficult," says Mr Broadhurst. "Everything there is dependent on size." Even for £25m, he explains, investors would not get a very big building. On the fringe, some buildings are big enough to take them out of the investment capacity of individual institutions.

Mr Broadhurst sounds a note of caution on 1983, touching on the effects of office relocation which are a matter of considerable argument among property professionals at the moment. "There is an undoubted possibility of more major office users moving out of central London," he says, "and a levelling off of rental growth if that trend continues."

Sticking

William Woodward Fisher, of Chestertons, supports the Jones Lang view on the size barrier. "While there is a lot of money available for investment and development," he says, "there are between 10 and 15 buildings in excess of 100,000 sq ft available for an investment sale in the City and its periphery."

"They are sticking," he says, qualifying that on the grounds that these buildings are known to be available if a buyer comes along and so far they are still available. "People do not like putting so much money into one particular building," he says. For him, things stand to become difficult over £20m.

However, Chestertons is happily nursing the City development which most of the professionals are talking about at the moment. The Royal Bank of Scotland's sale of two adjoining freeholds at 62 Lombard Street and 18 Birchin Lane gave the firm the entre into a classic finding, funding and refurbishment operation.

Other professionals, notably Edward Luker of Richard Ellis, cite Lombard Street as a clear example that multi-million investments are not only placeable, but capable of getting very sharp funding figures.

Market rumour has it that Lombard Street went on speculative funding (to the Scottish Equitable) on a yield of 4.8 to 4.9 per cent for a funding investment total of £12m to £14m. "This would be a very sharp yield for a funding," says Mr Luker; "figures in the low fours, on that basis, must be obtainable for a brand new completed and let investment."

He compares this with the 3.8 per cent yield made on the £2m Phoenix Assurance building in Leadenhall Street at £25 a foot a year or two ago—"probably the most expensive figure on an investment deal since 1973"—and notes that the yield structure has moved up since then and concludes that high prime is still a very attractive market.

The Lombard Street deal, however, had distinct attractions apart from its prime location. The original net area of both component buildings added up to just under 18,000 sq ft according to William Woodward Fisher. "We will be increasing that, subject to planning, to something like 28,000 sq ft"—which would certainly imply a developed investment value of over £20m.

Developers Speyhawk will be filling in a light well, taking out staircases and generally improving the ratio of net to gross area "dramatically," helping the process by slipping in an extra floor at mezzanine level.

Chestertons emphasise that this is not easy money. The projected building programme has come back from an original 24 months, through 18 and then 15 months, to under 15 months today. The spur, they say, is the tightness of the funding terms.

Further deterioration in the property market might make life rather less comfortable, although the eventual letting of the building should be a relatively easy matter.

Experts seem to be agreed that development funding is the sharp end of the market, that size can be a barrier and size plus off-centre location makes things very difficult indeed.

Paul Willis of Knight Frank and Rutley says that his firm looked at two large development schemes recently—the sort of money raised from funds with over £100m invested. "There are not so many of those," he says; "the market is tough, and people are knocking on doors."

He still sees a very good market in smaller development and investment situations. "There can be very hot prices for small refurbishments," says Mr Willis, "developments with an up and let value of, say, £1½m." He makes the point that there are still plenty of small funds which want to get a City address into their portfolios, and which may be happy to see the developer take his profit in the process.

Alternative

He sees plenty of problems in the middle investment ground anywhere between £1½m and £30m—noting, for example, that the area behind Fleet Street may be attractive for developers, but not such a good investment market.

He toys with the idea of a broader spread of funding: "in-between developments needs some alternative to the hard-sell, knock on the door approach;" but he concedes that developers have the option, now as always, to wait until the market improves before presenting it with the more marginal propositions.

Investors, too, have the option to do nothing and they are more likely to exercise it with an undoubted oversupply of space on the City fringes. "There are some very good schemes likely to come to fruition over the next four years," says Mr Willis. He means top prime, and if the funders can see a potential shot at the likes of Cornhill, Lombard Street, Bishopsgate and Cheapside, they are likely to be choosy in the interim.

Ellis's Edward Luker tries to put things into perspective. "For the past eight to ten years," he says, "institutions have been setting their sights at the best buildings in the city. Interest in the very good, just off-prime buildings will have reduced a little."

"The market is still very active," he concludes. "A prime investment requirement which was oversubscribed 20 times two years ago is merely five times oversupplied at the moment."